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, 2013
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, 2013
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
Common Stock	372,414,400

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, 2013	372,414,400
Closing price per share as of June 30, 2013	₱11.74
Market value as of June 30, 2013	₱4,372,145,056

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Description of Business

Business Development During the Past Three Fiscal Years (2010-2013)

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 2010-2011

In S.Y. 2010-2011, the University had an average enrolment of 20,548 for the first and second semester. The total enrolment in the three campuses both for the 1st and 2nd semesters of school year 2010-2011 increased by 4.28% and 3.2%, respectively as compared to the previous school year. It is worthy to note that the freshman enrolment also increased by 5.23%. The increase in enrolment is in Medical Technology, Pharmacy and Dentistry.

Foreign Student Enrolment

This school year, CEU had an average number of foreign students of 1,304 for the first and second semester. It showed an increased by 57.6% as compared to the previous school year.

CEU has been reported to have the biggest number of foreign students enrolled during the current year. Based on Statistics provided by the Bureau of Immigration showed that 1,066 foreign students are enrolled in CEU, followed by UE with 799, FEU with 573, MCU with 504, DLSU with 396 and Fatima University with 309.

Performance in Board Examination

CEU graduates performed well in the licensure examinations given by the Philippine Regulatory Commission (PRC). They TOPPED in the licensure examinations for Optometry and Pharmacy. There were nineteen other top ten placers in other licensure examinations. All CEU programs with licensure examinations had the overall passing percentages higher than the national passing percentages.

Foreign Certification and Examination

Four (4) graduates of Doctor of Pharmacy from CEU Makati passed the Foreign Pharmacy Graduates Equivalency Exam (FPGEE) given last April 19, 2010 in the United States.

Three (3) students of BSBA Management Accounting of CEU Manila passed the foreign registration and certification examination as Registered Cost Accountant in Australia. One (1) student of BSBA Management Accounting and two (2) BS Accounting students passed the certification examination as Certified Bookkeeper in United Kingdom.

Accreditation and Recognition

CEU was recognized by the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) as the institution with the highest number of Level III reaccredited programs during the 21st National Assembly on December 10, 2010.

The Pharmacy program was granted Level IV Accreditation, the highest accreditation level of PACUCOA. CEU is the first and only HEI with Level IV accreditation in Pharmacy. On the other hand, the Nursing and Social Work programs were granted Level II Re-accreditation for five years from the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU).

International Linkages

CEU signed a cooperative agreement with Daegu Health College in South Korea for student and faculty exchange in the areas of Dentistry, Optometry and Medical Technology. There were nine (9) CEU students who went to Daegu Health College for their internship and clinical practice. On the other hand, on February 2011, there were nine (9) students from Daegu Health College visited CEU and had their internship.

Quality Assurance

CEU's commitment to quality management system was fulfilled through the ISO certification. On October 2010, CEU Manila and Malolos campuses underwent external audit of the academic and support functions by the Societe Generale de Surveillance (SGS). The audit was based on the new version of ISO standards, thus, a transition of the certification from ISO 9001: 2001 to ISO 9001:2008. in addition, CEU Makati is now included in the certification.

As part of the continuous improvement, the manuals of Policies and Procedures for all functions and units were revised.

Faculty Achievements

Dr. Olivia Limuaco, Dean of School of Pharmacy has been elevated to Council of Advisers for 2010 by the Philippine Organization of Colleges of Pharmacy, while Dr. Cecilia Santiago, program head of Pharmacy in Malolos was elected as treasurer of Philippine Association of Colleges of Pharmacy.

Dr. Charito Bermido, Dean of the College of Medical Technology was again elected to the Philippine Association of Schools of Medical Technology and Public Health, Inc. (PASMETH) Board as Internal Vice-President.

Dr. Lolita Pablo, Head of the CEU Community Outreach Department was elected National President of the Philippine Association of Social Workers, Inc., the national organization for professional social workers and the sole accredited professional organization by the PRC.

Student Achievements

CEU 2010 graduate won first place in the Food and Nutrition Research Institute, Dept. Of Science and Technology (FNRI-DOST) Undergraduate Student Research Competition, Nutrition Category for their research entitled “The Feasibility of Producing Siopao with the Extract of the Leaves and Fruits of Ampalaya (Momordica Charantia)”. The undergraduate research competition was part of FNRI-DOST’s 36th Annual Seminar Series, which had the theme “Pagkaing Tama at Sapat, Kalusugan para sa Lahat”.

CEU Malolos won first place in the 8th Annual Dentsply Student Clinician Program Search for the Best Research. The competition was open to all schools and colleges of dentistry. Other universities competing in the finals were UP, UE, University of Baguio and Our Lady of Fatima University. The CEU team represented the Philippines in the South East Asia Association of Dental Education Annual Scientific Meeting in Chiang Mai, Thailand.

The undergraduate research of the CEU School of Dentistry entitled “Chico (Achras sapota Linnaeus) sap preparations as possible alternative to thermoplasticized gutta percha in root canal theraphy” won 3rd place in the IADR-SEA/Dentsply Student Clinician Competition held at Taipei, Taiwan on September 19, 2010.

CEU joined the “Discover Israel 2010 College Quiz” organized by the Embassy of Israel in Manila. CEU hosted the qualifying exam last September 14, 2010. Ten (10) CEU students qualified in the semi-final round. The semi-final round was held in De La Salle University with one (1) CEU student qualified for the final round.

The CEU School of Accountancy and Management (SAM) won the second place in the 4th National Business Ideas and Development Award (BIDA) 2010 sponsored by the Philippine Chamber of Commerce and Industry. The recognition was given to CEU-SAM for outstanding ideas in entrepreneurship and creativeness of the students under the non-food category.

The Hotel and Restaurant Management students joined the 2nd Umami Culinary Challenge held on January 21, 2011. CEU HRM student won as Umami Master (Master Chef) in the said competition. The culinary challenge was participated by more than 23 universities and schools that other offer HRM and Culinary programs. CEU students also won in the following categories: 3rd Place Umami Buzz, 3rd Place Bento Box and 3rd Place Best Ginisa Dish.

The School of Nutrition and Hospitality Management (SNHM) got the GOLD trophy in the recently concluded National Skills Olympics by the Union of Filipino Tourism Educators. CEU has been the over-all champion of the skills competition for three consecutive years. The Intercollegiate Culinary Challenge 2011 was held on February 28 to March 1, 2011 at the World Trade Center. Students from SNHM participated in the competition and got the following awards: Bronze Medalist in Creative Filipino Merienda and finalist in Modern Team Challenge and Great Adobo Challenge.

The students got a diploma in the Traditional Filipino Market Basket contest. They were chosen finalists in Filipino Set-Menu and Asian Dessert categories.

School Year 2011-2012

The University had an average enrolment of 20,718 for the first and second semester of SY 2011-2012. The total enrolment in the three campuses both for the 1st and 2nd semesters increased by 1.16% and 1.49%, respectively as compared to the previous school year. The freshmen enrolment of the current year had a decreased of 3.5% as compared to the previous school year.

Foreign Student Enrolment

CEU had an average number of foreign students of 1,248 for the first and second semester. A decrease of 5.3% was noted as compared to SY 2010-2011.

Performance in Board Examination

Through the years, CEU's record of passing rate in the licensure examinations has always surpassed the national passing percentage. ALL of the CEU programs with licensure examinations had the overall passing percentage higher than the national passing percentage. They TOPPED and got the other placers in the licensure examination for Optometry. There were four other top ten places in other licensure examinations.

Accreditation and Recognition

CEU prides itself in its continuous efforts to improve its academic programs, for the university has reached another milestone in accreditation history. For SY 2011-2012, there were additional four (4) programs that were granted level 4 accreditation status by the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA). These are the Business, Dentistry, Optometry and Nutrition programs.

CEU Malolos programs were also granted candidates status for Hotel and Restaurant, Tourism Management, Pharmacy, Nursing and Dentistry programs.

CEU Makati programs completed the consultancy visit for Computer Science, Hotel and Restaurant Manaqement, Tourism Management and Business Administration programs.

CEU was recognized by the PACUCOA, the first Pharmacy program to have been granted Level IV accredited status in the National Capital Region and in the Philippines.

International Linkages

In accordance with the internationalization thrust of CEU, the administration strengthened its global work and travel program through a goodwill visit and dialogue with the key officials of Janus International Student Exchange based in Doswell, Virginia, USA.

CEU once again partnered with Daegu Health College (DCH) in South Korea to conduct the student Exchange Program. Both parties agreed to conduct the program which aims to promote academic enrichment And to deepen understanding of the cultures of the two neighboring countries (Philippines and Korea).

In an effort to promote educational tourism, CEU, together with three other schools around Manila, signed a memorandum of understanding with IStudy Brainmasters Philippines Inc. The MOU aimed to start an investment that would bring Chinese students to the country to study in Higher Education Institutions by means of pre-funding or pre-paid education.

Quality Assurance

The continuous improvement program of CEU which includes: Management Review, 5S (now 7S), quality Circle, Customer Feedback, CEUSATARS is maintained through the Quality and Risk Management System Committee. The strategic objectives of the University were extended from 10 to 12 to include the integration of quality assurance in all University operations and the utilization of ICT in the academic and support functions. It is of note that majority of CEU work areas in the 3 campuses attained level 4 compliance in a scale of 5, in 3 (Sweep, Systematize, Standardize) of the 5S; thus standards were revised to include 2 more S: Safety and Security. Customer Feedback was incorporated in the visitor's form to include the feedback of external clients.

The University achieved ISO re-certified status in July, 2011 and at the same time gained certified status of CEU Makati campus, for the Quality Management System/ISO 9001:2008. The University also applied for the Philippine Quality Award.

Faculty Achievements

Dr. Teresita I. Barcelo, the new dean of the College of Nursing has been awarded as "2012 Outstanding Woman Leader in Manila in the field of Education" by the City of Manila and Soroptimist International, Sampaloc Chapter on May 26, 2012.

Dr. Olivia M. Limuaco, Dean of the School of Pharmacy has been appointed as Secretary General by the Federation of Asian Pharmaceutical Association (FAPA) and was elected as Vice President for Luzon of the Philippine Pharmacists Association (PPhA).

Dr. Charito M. Bermido, Dean of the College of Medical Technology was again elected as Board member and PRO of the Philippine Association of Schools of Medical Technology and Public Health, Inc. (PASMETH) and the over-all chair of 41st Annual Convention of PASMETH.

Student Achievements

CEU Mass Communication student, Kristine Bernardette Sasi, was among the 80 delegates chosen to the 14th Ayala Young Congress 2012.

CEU Manila School of Accountancy and Management students won the grand prize, non-food category in Business Plan Competition sponsored by the Philippine Chamber of Commerce. The student received a trophy and a cash prize for their winning business plan – "Oregatol, a manufacturing of mosquito coils made from oregano leaves".

Senior accountancy student Edlynne Elaine Bernardo was elected National President of the American Chamber of Commerce (AmCham).

CEU Malolos dentistry student won the DENTSPLY's 2011 student clinician competition for Southeast Asia-the first Filipino to have bagged the first place. As the winner, she becomes a member of the Student Clinician American Dental

Association and will present the International Association for Dental Research Southeast Asia division (IADR-SEA) to the annual session of the American Dental Association in San Francisco in October 2012.

Dentistry students' research on *"Production of Collagen Membrane Derived from Gas Bladder of Janitor Fish, Pterygoplichthys pardilis, as Alternative for Guided Tissue Regeneration"* won second place in the 25th International Association for Dental Research-South East Asia division held in Singapore.

The CEU Manila Nutrition and Dietetics students got the first place for their entry, 2CMint Tea, in the UNILEVER Philippines Lipton tea concocting competition.

CEU Manila School of Nutrition and Hospi8tality Management received a cash award from the Tourism Infrastructure Enterprise Zone Authority (TIEZA) in recognition of the School's tourism management program for its successful promotion of the Philippine festivals.

CEU's Association of Tourism Students (ATS) was declared overall champion in the Union of Filipino Tourism Educators (UFTE) Tourism Skills Olympics held on February 23, 2012. Having consistently grabbed the championship title for 3 consecutive years, CEU ATS as named as the first UFTE Hall of Fame awardee.

CEU athletes reached another feat in sports history as they emerged overall champion in the 11th season of National Athletic Association of Schools, Colleges and Universities (NAASCU), having won first place in seven events and finished second also in seven different events. CEU Pep Squad once against bagged their second year championship in the cheer dance competition.

CEU Men's volleyball team grabbed their second championship in the NCR Men's National Collegiate Athletic Association (NCAA) and represented NCR in the national championship in Naga City.

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 top 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 components 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 certificat5ion up to the next audit on February 7, 2014.

Faculty Achievements

Four professors from the School of Accountancy and Management, Dr. Leny Dellosa, 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 (Struthiocomelos) Eggshell as Xenograft for Immediate Scoket 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.

Business of Issuer

Centro Escolar University is one of the country's largest and most respected higher educational institutions for over 100 years.

CEU caters to the B and C class of the population and as such its competitors are UST, UE and FEU.

Eleven programs in CEU-Manila has Level 4 accredited status. Graduate School programs for MA/MS/MBA is Level 3 re-accredited. Two programs in Mendiola are on Level 2 accredited status. The summary is as follows:

Accredited College/School Programs	Accrediting Agency	Accreditation Level	Period Covered
CEU-MENDIOLA			
B.S. Pharmacy	PACUCOA	Level 4	May 2011-March 2016
B.S. Biology	PACUCOA	Level 4	Oct. 2008-Oct. 2013
B.S. Psychology	PACUCOA	Level 4	Oct. 2008-Oct. 2013
B.S. Medical Technology	PACUCOA	Level 4	June 2013-June 2018
B.S. Business Administration	PACUCOA	Level 4	Nov. 2011-Nov. 2016
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. Accountancy	PACUCOA	Candidate Status	Nov. 2012-Nov. 2014
B.S. Social Work	PAASCU	Level 2 re-accredited	May 2011-May 2016
B.S. Nursing	PAASCU	Level 2 re-accredited	May 2011-May 2016
B.S. Hotel & Restaurant Management	PACUCOA	Consultancy visit done	
B.S. Tourism Management	PACUCOA	Consultancy visit done	
B.S. Computer Engineering	PACUCOA	Consultancy visit done	
B.S. Information Technology	PACUCOA	Consultancy visit done	
B.S. Computer Science	PACUCOA	Consultancy visit done	
GRADUATE SCHOOL - Master of Arts - Master of Business Adm. - Master of Science	PACUCOA	Level 3, 1st Re-accredited	Nov. 2012-Nov. 2017
CEU-MALOLOS			
Business Administration	PACUCOA	Level 3, 1st Re-accredited	April 2009-April 2014
Liberal Arts	PACUCOA	Level 3, 1st Re-accredited	April 2009-April 2014
Science	PACUCOA	Level 3, 1st Re-accredited	April 2009-April 2014
B.S. Tourism Management	PACUCOA	Candidate status	Aug. 2011-Aug. 2013
B.S. Hotel & Restaurant Management	PACUCOA	Candidate status	Aug. 2011-Aug. 2013

Doctor of Dental Medicine	PACUCOA	Candidate status	Aug. 2011-Aug. 2013
B.S. Pharmacy	PACUCOA	Candidate status	Aug. 2011-Aug. 2013
B.S. Nursing	PACUCOA	Candidate status	Aug. 2011-Aug. 2013
CEU-MAKATI			
B.S. Computer Science	PACUCOA	Candidate status	Oct. 2012-Oct. 2014
B.S. Hotel & Restaurant Management	PACUCOA	Candidate status	Oct. 2012-Oct. 2014
B.S. Tourism Management	PACUCOA	Candidate status	Oct. 2012-Oct. 2014
B.S. Business Administration	PACUCOA	Candidate status	Oct. 2012-Oct. 2014
B.S. Medical Technology	PACUCOA	Consultancy visit done	
B.S. Nursing	PACUCOA	Consultancy visit done	
B.S. Pharmacy	PACUCOA	Consultancy visit done	
B.S. Psychology	PACUCOA	Consultancy visit done	

Level 4 status granted by PACUCOA to the following programs (BS Biology, Psychology, Pharmacy, Business Administration, Liberal Arts, Secondary Education, Elementary Education, Medical Technology, Nutrition and Dietetics, Doctor of Dental Medicine, and Doctor of Optometry) is certified by the Federation on Accrediting Agencies of the Philippines (FAAP).

CEU also is the first Higher Educational Institution to receive Institutional Accreditation as certified by FAAP.

CEU was awarded for having the highest number of Level 4 accredited programs, during PACUCOA's 23rd Annual General Assembly on December 7, 2012 at the Century Park Hotel.

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 1,183 employees, 730 of whom are faculty members and 388 are non-teaching staff. The University expects to hire approximately 20 additional employees within the ensuing 12 months to accommodate its expansion program. Of the total number of employees, 65 have administrative functions and are not subject to Collective Bargaining Agreement (CBA). The latest CBA expires in 2013.

---

*Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA)
**Philippine Accrediting Associations of Colleges and Universities (PAASCU)

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 courses in the fields of Commerce, Science and the Arts, such as Dentistry, Optometry, Music, Public Administration and Education which together with the other programs and courses 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 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

College	2010-2011	2011-2012	2012-2013	Total
Liberal Arts	₱ 24,416,641	₱ 23,008,637	₱ 30,656,804	₱ 78,082,082
Science	23,673,662	46,510,169	83,395,161	153,578,992
ACS	73,154,595	89,976,729	83,574,409	246,705,733
Dentistry	114,546,597	156,131,688	109,248,924	379,927,209
Education	5,762,969	5,483,971	4,337,739	15,584,679
Medical Technology	43,525,882	62,370,384	67,993,942	173,890,208
Music	1,190,792	1,296,489	1,200,363	3,707,644
Nursing	70,486,607	45,536,169	20,456,926	136,479,702
Nutrition/HE/Tourism/HRM	171,204,431	163,117,402	150,559,032	484,880,865
Optometry	9,718,010	12,236,550	16,987,971	38,942,531
Pharmacy	88,336,837	120,329,147	127,995,641	336,661,625
Social Work	1,248,586	2,020,661	2,133,263	5,402,510
Graduate School	8,285,871	8,286,572	7,994,981	23,878,873
Law	1,633,927	2,690,241	3,320,989	7,645,157
Total	₱ 637,185,407	₱ 637,186,108	₱ 709,876,145	₱ 2,085,367,810

Tuition Fee Increase

For SY 2010-2011, there was no increase in tuition fees and miscellaneous fees except for laboratory materials and equipment use fee which increased by 15% to 20%.

For SY 2011-2012 and 2012-2013, there was an increase in tuition fees and other fees by 3%.

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 2012			
April 2011 – June 2011	First Quarter	₱ 9.40	₱ 8.61
July 2011 – September 2011	Second Quarter	9.00	8.20
October 2011 – December 2011	Third Quarter	10.00	8.50
January 2012 – March 2012	Fourth Quarter	10.60	9.30
Fiscal Year Ended 2013			
April 2012 – June 2012	First Quarter	₱ 10.50	₱ 9.90
July 2012 – September 2012	Second Quarter	10.50	9.91
October 2012 – December 2012	Third Quarter	12.50	10.00
January 2013 – March 2013	Fourth Quarter	11.98	10.00

The closing price per share of the University's common shares as of June 30, 2013 was ₱11.74.

Holders

As of June 30 2013, there was a total of 1,071 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.	USAUTOCO, INC.	126,620,891	34.0000
2.	PCD Nominee Corp. Filipino.	56,133,445	15.0728
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	10,107,793	2.7141
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	1,250,000	0.3356
13.	Soledad T. Inducil	901,762	0.2421
14a.	Emma de Santos Oboza	758,190	0.2036
14b.	Alicia de Santos Villarama	758,190	0.2036

15.	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 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, 2012 and Fiscal Year ended March 31, 2013, are as follows:

Fiscal Year Ended March 31, 2012
(April 1, 2011 – March 31, 2012)

1. Cash dividend of ₱0.50 per share was declared on May 27, 2011 in favor of stockholders of record as of June 10, 2011, payable on July 7, 2011.

2. Cash dividend of ₱0.25 per share was declared on September 30, 2011 in favor of stockholders of record as of October 14, 2011, payable on November 10, 2011.

3. Cash dividend of ₱0.25 per share was declared on December 16, 2011 in favor of stockholders of record as of January 2, 2012, payable on January 25, 2012.

Fiscal Year Ended March 31, 2013
(April 1, 2012 – March 31, 2013)

1. Cash dividend of ₱0.75 per share was declared on November 23, 2012 in favor of stockholders of record as of December 17, 2012, payable on January 15, 2013.

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 (2013-2012; 2012-2011)

Tuition and Other School Fees increased by 3.05% to ₱1,448,419,588 from the previous year's ₱1,405,583,660 and 4.72% increased from ₱1,342,181,789 and 3.23% in 2011. 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 ₱6,512,411 in 2013 and ₱5,411,136 in 2012.

The total revenues increased to ₱1,481,325,291 in 2013 from ₱1,437,709,748 last year and ₱1,374,087,093 in 2011. While the Operating Expenses were reported at ₱1,150,836,194 in 2013 from ₱1,105,767,645 last year and ₱1,151,994,852 in 2011.

Net income of the University for 2013 was ₱295,145,324 from ₱297,108,952 last year and ₱199,162,376 in 2011.

With almost the same first semester enrollment the 3% increase in tuition and other fees were negated by the increase in operation expenses that resulted in the decrease in net income by almost ₱2.0 million.

Financial Condition

The University reported a healthy cash position as of March 31, 2013. Cash and cash equivalents were at ₱257,765,951 as compared to last year's balance of ₱209,522,046 and ₱259,576,548 in 2011. Tuition and other receivables were at ₱25,539,044 as compared to ₱23,528,601 last year and ₱19,090,579 in 2011. 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 ₱8,394,243. Other current assets, which consist largely of Prepayments stood at ₱1,456,402.

Available for Sale (AFS) Investments, reported under Other Assets in 2013, had a market value of ₱621,453 as compared to ₱600,717 last year. Other Assets also include Advances to Suppliers and Contracts at ₱10,790,052 compared to ₱8,445,829 last year.

The current assets of the University as of fiscal year ended March 31, 2013 were ₱293,155,640 as compared to ₱243,963,733 for March 31, 2012.

Property and Equipment were reported at ₱2,918,277,340 from ₱2,892,648,868 last year.

Total non-current assets were at ₱2,929,688,845 and Total Assets were at ₱3,222,844,485 at the end of the fiscal year.

Accounts payable and accrued expenses increased to ₱218,874,780 from ₱182,352,122 last year and ₱177,547,722 in 2011. Dividends payable were at ₱89,467,449 compared to ₱81,757,198 last year and ₱68,628,460 in 2011. The current portion of the long-term liability due to the building acquisition was ₱40,000,000 and the income tax payable increased to ₱15,096,762 from ₱14,663,275 last year and ₱8,133,753 in 2011. Total current liabilities were at ₱363,438,991 at fiscal year end.

Total non-current liability as of March 31, 2013 decreased to ₱428,658,471 from ₱453,943,789 last year and ₱479,835,078 in 2011. The long-term liability of ₱96,741,749 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 ₱231,344,052. 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 2013, retirement liability was at ₱100,572,670.

The University's stockholder's equity stood at ₱2,430,747,023 as of March 2013 as compared to ₱2,372,942,763 in March 2012.

Key Performance Indicators

Key	2013	2012	2011	Manner of Computation	Significance
Revenue Growth	3.05%	4.72%	3.23%	Difference between current and last year's tuition and other school fees divided by last year's revenues	Measures Revenue growth

Return on Revenue	20%	21%	15%	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	95%	125%	140%	Dividends divided by net income	Indicates how earnings support dividend payment
Return on Equity	12%	12%	8%	Net profit divided by average total stockholder's equity	Measures extent of profit earned
Return on Assets	9.27%	9.33%	6.16%	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.

Cash flows provided by operating activities were at ₱427,785,997 for fiscal year ended March 31, 2013 as compared to cash flows provided by operating activities of ₱412,938,978 for the previous fiscal year and ₱401,779,265 in March in 2011.

Cash used in investing activities was ₱66,960,962 during fiscal year ended March 31, 2013, as compared to cash used in investing activities of ₱64,003,722 for previous fiscal year and ₱82,489,968 in March 31, 2011.

Cash used in financing activities was at ₱311,600,548 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 ₱399,285,662 for fiscal year ended March 31, 2012 and ₱311,661,687 in fiscal year ended March 31, 2011.

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 2012-2013, 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 2013-2014, there are commitments for capital expenditures such as conversion of classrooms to laboratories, improvements of school auditorium, hallways and offices, maintenance of information and communications technology and procurement of computer for Computer Education Department and different offices 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 2012 to FY 2013 include 20.35% in interest income which resulted from increase in money market placements for the fiscal year. For costs and expenses, posted was an increase of 13.92% in general and administrative expenses due to higher costs of janitorial and security services, repairs and maintenance, taxes and licenses, professional and continuing education trainings, community outreach programs, write-off of receivables and increase in provision for doubtful accounts. Interest expenses decreased by 15.48% due to lower principal balance of loan. A decrease of 81.33% in the loss on sale/retirement of assets was due to lower value of condemned assets. A ₱5.30 million provision for impairment losses which pertains to hospital's laboratory equipment was recorded this fiscal year. There was a foreign currency exchange loss because of lower foreign currency exchange rate towards the end of the year. These material changes resulted to a minimal decrease of 0.66% 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 transition to PFRS in 2006 resulted in certain changes to the University's previous accounting policies. The comparative figures for the 2005 financial statements were restated to reflect the changes in policies except those relating to financial instruments. The standards adopted were: PAS 16, Property and Equipment; PAS 19, Employee Benefits; PAS 21, Effects of Changes in Foreign Exchange Rates; PFRS 8, Operating Segments; and PAS 39, Financial Instruments: Recognition and Measurement.

The University has also adopted the following other PFRS, which did not materially affect the University's financial position and results of operation: PAS 1, Presentation of Financial Statements; PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors; PAS 10, Events After the Balance Sheet Date; PAS 16, Property, Plant and Equipment; PAS 17, Leases; PAS 24, Related Party Disclosures; PAS 32, Financial Instruments: Disclosure and Presentation; and, PAS 33, Earnings Per Share. The comparative presentation and disclosures have been amended as required by these standards. Adoption of these standards has no effect on equity as of April 1, 2004 and March 31, 2005.

The consolidated financial statements include the financial statements of the University and its wholly owned subsidiary namely the Hospital, which were incorporated in the Philippines (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.

<u>Changes in Accounting Policies and Disclosures</u>

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended standards, interpretations and improvements to PFRS which was adopted as of April 1, 2012. These new, revised and amended standards, interpretations and improvements to PFRS did not have any impact on the accounting policies, financial position or performance of the Group.

- PFRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets* Amendments) The amendments require additional disclosures about financials assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

- PAS 12, *Income Taxes – Deferred Tax: Recovery of Underlying Assets* Amendments) This amendment to PAS 12 clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property,* will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefit5s in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on
  nondepreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment,* always be measured on a sale basis of the asset.

<u>New standards and interpretations that have been issued but are not yet effective</u>

Standards or interpretations issued but are not yet effective as of March 31, 2013 are listed below. This is a listing of standard and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards and interpretation when they become effective. Except as otherwise stated, the Group does not expect the adoption of these new standards and interpretations to have a significant impact on its Consolidated financial statements.

- PRFS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (Amendments), effective for annual period beginning on or after January 1, 2013. These amendment require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;

  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;

c) The net amounts presented in the statement of financial position;

d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:

   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and

   ii. Amounts related to financial collateral (including cash collateral); and

e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

- PFRS 10, *Consolidated Financial Statements,* effective for annual periods beginning on or after January 1, 2013. PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addressed the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation – Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- PFRS 11. Joint Arrangements, effective for annual periods beginning on or after January 1, 2013. PFRS 11 replaces PAS 31*, Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities – Non-Monetary Contributions by Ventures*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interest in Other Entities*, effective for annual periods beginning on or after January 1, 2013. PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associated and structured entities. A number of new disclosures are also required. The adoption of PFRS 12 will affect disclosures only and have no impact on the Group's consolidated financial position and performance.

- PFRS 13, *Fair Value Measurement*, effective for annual periods beginning on or after January 1, 2013. PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The Group is currently assessing the impact of the adoption of this standard on its consolidated financial position and performance.

- PAS 1, *Presentation of Financial Statements – Presentation of Item of Other Comprehensive Income or OCI* (Amendments). These amendments change the grouping of items presented in OCI. Items that can be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have to no impact on the Group’s consolidated financial position or performance. The amendment becomes effective for annual period beginning on or after July 1, 2012. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.

- PAS 19, *Employee Benefits* (Revised), effective for annual periods beginning on or after January 1, 2013. These amendments range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. Once effective, the Group has to apply the amendments retroactively to the earliest period presented. The Group accounts for its post employment benefit under defined benefit plan.

  The Group will opt to close to retained earnings the effect of all transition adjustments as at April 1, 2011 (the transition date) amounting to ₱18.35 million.

  The Group reviewed its existing employee benefits and determined that the amended standard impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard. The effects are detailed below:

	As at March 31, 2013	As at March 31, 2012	As at April 1, 2011
Increase (decrease) in:			
Statements of financial position			
Retirement liability	₱95,422,830	₱38,808,330	(₱26,221,700)
Deferred tax liability	(9,542,283)	(3,880,833)	2,622,170
Other comprehensive income	(81,043,833)	(34,608,177)	
Retained earnings	(4,836,714)	(319,320)	23,599,530

	For the year ended March 31, 2013	For the year ended March 31, 2012
Increase (decrease) in:		
Statements of comprehensive income		
Salaries and employee benefits	₱ 5,019,327	₱ 26,576,500
Income tax expense	(501,933)	(2,657,650)
Net income	(4,517,394)	(23,918,850)

- PAS 27, *Separate Financial Statements* (as revised in 2011). As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interest in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements of the entities in the Group. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011), effective for annual periods beginning on or after January 1, 2013. As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12 *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and described the application of the equity method to investments in joint ventures in addition to associates. The amendments will have no impact on the Group's consolidated financial position or performance.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine,* effective for annual periods beginning on or after January 1, 2013. This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. This interpretation will not have any impact on its financial position or performance of the Group.

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (Amendments), effective for annual periods beginning on or after January 1, 2014. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance.

- PFRS 9, *Financial Instruments:* PFRS, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39*, Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. 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 fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. 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 Group is still evaluating the effects of the adoption of PFRS 9.

  PFRS 9 is effective for annual periods beginning on or after January 12, 2015.

- 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 interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 of involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (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.

Improvement to PFRS (2009-2011 cycle)

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*
- PAS 1, *Presentation of Financial – Clarification of the requirements for comparative information*
- PAS 16, *Property, Plant and Equipment – Classification of servicing equipment*
- PAS 32, *Financial Instruments: Presentation – Tax effect of distribution to holders of equity instruments*
- PAS 34, *Interim Financial Reporting – Interim financial reporting and segment information for total assets and liabilities*

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 (ISPPIA), 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 ISPPIA.

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.

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 2011 was approved by the stockholders during the annual meeting on July 24, 2012.

In compliance with the amended SRC Rule 68 (3) (b) (ix), the signing partners are rotated every five years. The University's partner-in-charge, Ms. Janet A. Paraiso was appointed in 2009 and she will be rotated out as partner-in-charge for the University starting 2013.

In 2013 and 2012, the University paid ₱800,000 and ₱715,000, VAT exclusive, for each year, 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.

*Due for submission with BIR on July 12, 2013.

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, and members, Dr. Angel C. Alcala 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.

2. 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	Citizenship	Positions	Term of Office	Directorship Held in Other Companies
1	Emilio T. Yap	86	Filipino	Chairman of the Board – since July 10, 2002	Yearly	Chairman, Manila Bulletin Publishing Corp. Chairman, Manila Hotel Corp. Chairman, Centro Escolar University Hospital, Inc.
2	Ma. Cristina D. Padolina	67	Filipino	Director - since July 25, 2006 President/Chief Academic Officer - since Aug. 18, 2006	Yearly	Professor Emeritus, University of the Philippines, Los Baños Director, Centro Escolar University Hospital, Inc.
3	Angel C. Alcala*	84	Filipino	Director - since July 22, 2008	Yearly	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*	72	Filipino	Director - since July 10, 2002	Yearly	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	Ricardo F. de Leon	63	Filipino	Director - since July 22, 2008 Executive Vice President - since Feb. 15, 2008	Yearly	Director and Vice President, Centro Escolar University

* Independent Director

6	Alejandro C. Dizon	52	Filipino	Director - since Aug. 31, 2007	Yearly	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
7	Emilio C. Yap III	41	Filipino	Directors - since Sept. 1, 2009	Yearly	Chairman, Manila Prime Holding Director, Manila Bulletin Corporation, Manila Hotel, Philtrust Bank and US Automotive Co., Inc.
8	Corazon M. Tiongco	63	Filipino	Director - since July 25, 2000 Assistant Treasurer - since Aug. 12, 2005	Yearly	Director, Centro Escolar University Hospital, Inc.
9	Johnny C. Yap	40	Filipino	Director - since Oct. 26, 2007	Yearly	Vice Chairman & Treasurer, Euromed Laboratories Philippines, Inc. Director, Philtrust Bank Chairman, Café France Corporation

Executive Officers Who Are Not Directors

	Name	Age	Citizenship	Position	Term of Office	Directorship Held in Other Companies
1	Sergio F. Apostol	78	Filipino	Corporate Secretary & Compliance Officer - since Feb. 26, 2010	Yearly	Chairman, Kaytrix Agri-Aqua Corp. Director, Manila Hotel
2	Cesar F. Tan	58	Filipino	Treasurer - since April 17, 2006 Asst. Corp. Sec. – since Oct. 1, 2009	Yearly	Treasurer, Centro Escolar University Hospital, Inc.
3	Juliana M. Alvaro	63	Filipino	VP–Malolos Campus – since Jan. 29, 2010 AVP- Malolos Campus - since Aug. 1, 2001	Yearly	None

4	Lucia D. Gonzales	65	Filipino	VP-University Registrar – since Jan. 29, 2010 AVP-University Registrar - since August 18, 2006 Registrar - since February 1, 1990	Yearly	None
5	Maria Clara Perlita Erna V. Yabut	47	Filipino	VP-Research & Evaluation – since Jan. 29, 2010 AVP- Research & Evaluation - since August 18, 2006 Head, EDP Department - since August 1, 2001	Yearly	None
6	Priscilla C. Panlasigui	66	Filipino	VP-Makati Campus – since Jan. 29, 2010 AVP-Makati Campus – since July 25, 2008 Acting AVP-Makati City – since July 27, 2007	Yearly	None
7	Teresa R. Perez	51	Filipino	VP-Academic Affairs – since Jan. 29, 2010 AVP- Academic Affairs - since July 25, 2008 Acting AVP-Academic Affairs - since July 27, 2007	Yearly	None
8	Wandalyn Maira L. Bondoc	31	Filipino	Assistant Treasurer - since August 18, 2006	Yearly	Asst. Treasurer, Centro Escolar University Hospital, Inc.
9	Bernardita T. Traje	52	Filipino	Assistant Controller - since Aug. 18, 2006 Assistant Treasurer - March 8, 1995 to August 18, 2006	Yearly	None
10	Carlito B. Olaer	49	Filipino	VP-Student Affairs – since July 30, 2010 Acting AVP- Student Affairs, Student Affairs Office - since July 25, 2008 Officer in Charge, 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.	Ma. Flordeliza L. Anastacio B-18, L-25, Humel Heritage Homes, Malolos City	Dean	3 years	None
2.	Teresita I. Barcelo 1573-Q Matienza St., San Miguel, Manila	Dean	1 year	None
3.	Charito M. Bermido 33-C 11th Ave., Murphy, Quezon City	Dean	3 years	None
4.	Teresita G. Carey 42 Acacia Lane, Palmera Heights, Ortigas Ave. Ext., Cainta, Rizal	Dean	1 year	None
5.	Julieta Z. Dungca Makabakle, Bacolor, Pampanga	Dean	1 year	None
6.	Nilo V. Francisco 247 San Jose, Paombong, Bulacan	Dean	3 years	None
7.	Maria Jona D. Godoy B-157, L-14, Central Bicutan, Taguig City	Dean	2 years	None
8.	Olivia M. Limuaco #6 Philtrust Compound, India St., Better Living Subd., Bicutan, Parañaque City	Dean	3 years	None
9.	Elizabeth C. Roces 339 A & V Subdivision, Panginay, Balagtas, Bulacan	Dean	3 years	None
10.	Jessica L. Flor-Torre 877 Katarungan St., Mandaluyong City	Dean	3 years	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.	Mildred B. Go 14 Gutierrez St.., Panghulo Malabon, Metro Manila	Associate Dean	1 year	None
15.	Juliana M. Laraya 2327-B San Anton St., Sampaloc, Manila	Assistant Dean	1 year	None

16.	Pearly P. Lim 48B Pangasinan St., Quezon City	Assistant Dean	3 years	None
17.	Elvira L. Urgel 7 Sinag St., Mandaluyong City	Assistant Dean	1 year	None

Heads

	Name and Address	Position	Term of Office	Directorship Held in Other Companies
1.	Elisa B. Ayo 989 Algeciras St., España, Manila	Head	1 year	None
2.	Ma. Lourdes R. Baello 43 M. Hizon St., 10th Ave., Caloocan City	Head	3 years	None
3.	Jonathan P. Catapang Unit 308, La Casarita Condominium 333 San Rafael, San Miguel, Manila	Head	3 years	None
4.	Dorothea C. Dela Cruz Blk 24A, Lot 3, Phase 3D Silvestre Street, Sto. Niño, Meycauayan, Bulacan	Head	1 year	None
5.	Teofilo A. de Guzman B-22, L-27, Citation Homes, Bahay Pare, Meycauayan, Bulacan	Head	3 years	None
6.	Thelma V. Jambalos 2024 Ilustre St., Sta. Cruz, Manila	Head	3 years	None
7.	Zenaida R. Los Baños Morning Glory St., Ridgemont Village Cainta, Rizal	Head	1 year	None
8.	Aleli V. Lozano 847 Inosentes Street, Mandaluyong City	Head	3 years	None
9.	Lolita D. Pablo 4012-A Dangal St., Bacood, Sta. Mesa, Manila	Head	3 years	None
10.	Tessie A. Ramirez B-1, L-23, Phase 4, Ecotrend Subd., Ligas 3, Bacoor, Cavite	Head	3 years	None
11.	Lolita M. Balboa 16 I. Esteban St., Mandaluyong City	Head	3 years	None
12.	Milagros L. Borabo 39 R. Magsaysay St., Potrero, Malabon, Metro Manila	Program Director	3 years	None
13.	Elvira G. Borlongan 852 Bambang St., Bocaue, Bulacan	Head	3 Years	None
14.	Teresita H. Calma 25 Dr. Garcia St., Pasig City	Head	6 months	None
15.	Raul J. Caparas 91 Hipolito St., Caingin, Malolos City	Head	3 years	None
16.	Ma. Dolores E. Delacruz 19 General San Luis St., San Juan City	Head	3 years	None
17.	Ma. Eleanor C. Espinas #164 P. Castillo St., San Diego Subd., Caloocan City	Head	3 years	None

18	Rommel N. Jotic Unit 5-E, Talas Apartment Condominium 301 Kapilya St.., San Miguel, Manila	Head	1 year	None
19.	Rosario Donalyne L. Manigbas 22 Queen's Road, Project 8, Quezon City	Head	3 years	None
20.	Edita V. Maralit 1006 J. Se3nson St., Carebi Sto. Niño, Angono, Rizal	Head	3 years	None
21.	Eduardo M. Masangcay 139 Bulusan St., La Loma, Quezon City	Head	1 year	None
22.	Teresita S. Mijares 2943 Lorenzo dela Paz St., Pandacan, Manila	Head	3 years	None
23.	Fe C. Sagun 1187-A Arellano St., Singalong, 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. Siniguian 01 Buenconsejo St., Planview, Mandaluyong City	Head	2 months	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.	Marietta D. Lapuebla 67 Road 20, Bgy. Bahay Toro, Project. 8, Quezon City	Program Head	1 year	None
33.	Cecilia D. Santiago 973 Bambang St., Bocaue, Bulacan	Program Head	3 years	None
34.	Cresencia Manalastas-Santos L-6, B-5 Queensland Village Novaliches, Quezon City	Program Head	1 year	None

35.	Maricar A. Veranga B4, L35, Sampaguita St., Sta. Rita Village, Guiguinto, Bulacan	Program Head	3 years	None
36.	Shirley S. Wong 27 Scout Madrinan St., South Triangle Quezon City	Program Head	3 years	None

Family Relationships

Dr. Emilio T. Yap, Emilio C. Yap III and Mr. Johnny C. Yap are relatives within the second 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; Juliana M. Alvaro, VP-Malolos Campus; Teresa R. Perez, VP-Academic Affairs; Priscilla A. Panlasigui, VP-Makati Campus; *Lucia D. Gonzales, VP-University Registrar	2011-2012 2012-2013 2013-2014**	₱ 9,381,311.39 ₱ 9,482,413.52 ₱ 9,482,413.52	₱ 1,496,663.40 ₱ 1,504,556.49 ₱ 1,504,556.52	N.A. N.A. N.A.	₱ 10,877,974.79 ₱ 10,986,970.01 ₱ 10,986,970.01

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	2011-2012 2012-2013 2013-2014**				₱ 27,299,671.67 ₱ 27,355,879.42 ₱ 27,355,879.42

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.[1]

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.

*Mrs. Lucia D. Gonzales, VP-University Registrar retired effective March 31, 2013.
**2013-2014 figures are estimated amounts.
[1]During 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.

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.

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, 2012 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	USAUTOCO, Inc. 1000 UN Ave., Ermita, Manila Authorized Representative- Basilio C. Yap Relationship to Registrant - Stockholder	USAUTOCO, 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, 2012 are as follows:

Title of Class	Directors	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Emilio T. Yap (Chairman)	1 (d)	Filipino	Nil
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	Ricardo F. de Leon	39,370 (d)	Filipino	0.01057
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	10,107,793 (d)	Filipino	2.7141
Common	Johnny C. Yap	1,000 (d)	Filipino	0.0002
Total		**60,487,067 (d)**		**16.24**

Title of Class	Directors	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Ma. Cristina D. Padolina	38,316 (d)	Filipino	0.0102
Common	Ricardo F. de Leon	39,370 (d)	Filipino	0.01057
Common	Cesar F. Tan	19,735 (d)	Filipino	0.0052
Common	Juliana M. Alvaro	16,885 (d)	Filipino	0.0045
Common	Lucia D. Gonzales	7,528 (d)	Filipino	0.0020
Common	Maria Clara Perlita Erna V. Yabut	4,000 (d)	Filipino	0.0010
Common	Priscilla A. Panlasigui	15,164 (d)	Filipino	0.0040
Common	Teresa R. Perez	3,226 (d)	Filipino	0.0008
Common	Corazon M. Tiongco	10,107,793 (d)	Filipino	2.71
Common	Wandalybn Maira Lao-Bondoc	19,734 (d)	Filipino	0.0052
Common	Bernardita T. Traje	753 (d)	Filipino	0.0001
-	Carlito B. Olaer	0 (d)	Filipino	0
Total (excluding shares of Ma. Cristina D. Padolina, Ricardo F. de Leon, and Corazon M. Tiongco		79,497 (d)		0.021
Aggregate Number of Shares and Percentage of All Security Ownership of Management as a Group		**60,566,564 (d)**		**16.26**

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 said 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, 2013.

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.

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.)

May 25, 2012	Deadline of Submission for Nominees of Independent Director
June 29, 2012	Nominees of Independent Directors
July 24, 2012	Results of Annual Stockholders Meeting
July 27, 2012	Results of Organizational Meeting
August 24, 2012	Certification of Independent Directors
October 5, 2012	Performance Assessment of Audit Committee
November 23, 2012	Declaration of Cash Dividend
January 30, 2013	Manual on Corporate Governance
January 30, 2013	Certification of Board Attendance of Directors as of December 14, 2012

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 12, 2013.

By:

MA. CRISTINA D. PADOLINA
Principal Executive Officer

CESAR F. TAN
Principal Financial Officer
Assistant Corporate Secretary &
Assistant Compliance Officer

RICARDO F. DE LEON
Executive Vice President

ERACISIMO C. VERANGA
Principal Accounting Officer

JUL 12 2013

SUBSCRIBED AND SWORN TO before me this _____ day of _________, 2013, 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
Ricardo F. de Leon	EB3616454	Sept. 12, 2011	Manila
Cesar F. Tan	XX4460568	Sept. 8, 2009	Manila
Eracisimo C. Veranga	XX5728862	March 11, 2010	Manila

AGUSTIN B. CABREDO
NOTARY PUBLIC
Notarial Commission No. 2013-109
Until December 31, 2014
Rm 409, First United Bldg. Co.
Escolta, Manila
Roll No. 26047
PTR No. 1413383 / MLA. / JAN. 2, 2013
IBP Life Member 05097

Doc. No. 122
Page No. 24
Book No. III
Series of 2013.

EXHIBIT 1

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 consolidated financial statements for the years ended March 31, 2013 and 2012, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated 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 consolidated financial statements and submits the same to the stockholders.

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

Signed this 28th day of June, 2013.

MA. CRISTINA D. PADOLINA	RICARDO F. DE LEON	CESAR F. TAN
Acting Chairman/President	Executive Vice President	Treasurer

SUBSCRIBED AND SWORN TO before me this JUN 28 2013 day of __________, 2013, affiants exhibiting to me their respective Philippine Passports, as follows:

	Passport No.	Date and Place Issued
MA. CRISTINA D. PADOLINA	XX1806600	August 12, 2008, Manila
RICARDO F. DE LEON	EB3616454	September 12, 2011, Manila
CESAR F. TAN	XX4460568	September 8, 2009, Manila

ATTY DOLORSINDO I. PANE
NOTARY PUBLIC UNTIL DEC. 31, 2013
J. VILLEGAS ST. MALATE, MANILA-TEL.527-
PTR NO. 1412159 12/28/12 IBP NO. 925669-1-10
COMM NO. 2012014/ROLL NO. 21082
MCLE COMPLIANCE

Doc. No. 133
Page No. 28
Book No. LXXVII
Series of 2013.

Manila
9 Mendiola Street, San Miguel, Manila
Tel. No.: (632) 735-6861 to 71
Telefax: (632) 735-6860; 736-8857
E-mail: ceuadmission@ceu.edu.ph

Makati
• 259 Sen. Gil Puyat Ave., Makati City
Tel. Nos.: (632) 843-0300; 889-7491
Telefax: (632) 889-8169; 845-0198
• 103 Esteban St., Legazpi Village, Makati City
Tel. Nos.: (632) 893-2461; 893-2464; 841-0229
E-mail: ceumakatiadmission@ceu.edu.ph

Malolos
Km. 44 Mc Arthur Highway, Malolos, Bulacan
Tel. No.: (6344) 791-6359
Telefax: (6344) 791-9233; 791-5100; 760-3203
Email: ceumalolosadmission@ceu.edu.ph

REPUBLIC OF THE PHILIPPINES)
MANILA) SS.

SECRETARY'S CERTIFICATE

I, **SERGIO F. APOSTOL**, Filipino, of legal age, with business address c/o Centro Escolar University No. 11 Mendiola Street, San Miguel, Manila, Corporate Secretary of Centro Escolar University (CEU), a corporation duly organized and existing under Philippine laws, with principal office at No. 11 Mendiola Street, Manila, after being duly sworn, hereby by depose and say that:

1. I am the duly elected and qualified Corporate Secretary of Centro Escolar University (CEU), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at No. 11 Mendiola Street, San Miguel, Manila.

2. As such Corporate Secretary, I certify that during the regular meeting of the Board of Directors held on April 26, 2013, the following resolution was approved:

> "RESOLVED, that in the absence of the Chairman of the Board, Dr. Emilio T. Yap, the Vice Chairman and President, **Dr. Ma. Cristina D. Padolina**, is designated as Acting Chairman and is authorized to sign and execute all documents, disclosures and forms (including Annual Reports, Statement of Management Responsibility, Annual Corporate Governance Report, and the like) required by the Securities and Exchange Commission, Philippine Stock Exchange and other relevant government agencies."

3. I am executing this certificate to attest to the truth of the foregoing resolution .

IN WITNESS WHEREOF, I have hereunto affixed my signature this ______ day of APR 3 0 2013 at MANILA.

SERGIO F. APOSTOL
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this _______ of APR 3 0 2013 2013 at MANILA, affiant exhibiting to me his Diplomatic Passport No. DP0007149 issued on September 6, 2010 at Manila.

ATTY. FRANCISCO DELA CRUZ MORALES
NOTARY PUBLIC MANILA
MY COMMISSION EXPIRED ON 12-31-2014
350 C.F. BLDG.
A. J. VILLEGAS ST. 1000 ERMITA MANILA
IBP NO. 858??? - 11-6-11-MANILA-2012
PTR NO. 1407717-1/ 3/13
ROLL NO. 32502
MCLE III0020916-8-9-2011
COMMISSION NO. 012-014

Doc. No. 351
Page No. 72
Book No. 77
Series of 2013.

Centro Escolar University and Subsidiary

Consolidated Financial Statements
March 31, 2013 and 2012
and Years Ended March 31, 2013, 2012 and 2011

and

Independent Auditors' Report

SyCip Gorres Velayo & Co.

SGV & Co
Ernst & Young

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Centro Escolar University

We have audited the accompanying consolidated financial statements of Centro Escolar University and Subsidiary, which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended March 31, 2013, 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 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 Subsidiary as at March 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended March 31, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso

Janet A. Paraiso
Partner
CPA Certificate No. 92305
SEC Accreditation No. 0778-AR-1 (Group A),
February 2, 2012, valid until February 1, 2015
Tax Identification No. 193-975-241
BIR Accreditation No. 08-001998-62-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 3669658, January 2, 2013, Makati City

June 28, 2013

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31	
	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 20, 23 and 24)	**₱257,765,951**	₱209,522,046
Tuition and other receivables (Notes 3, 5, 23 and 24)	**25,539,044**	23,528,601
Inventories (Note 6)	**8,394,243**	7,455,321
Other current assets (Note 7)	**1,456,402**	3,457,765
Total Current Assets	**293,155,640**	243,963,733
Noncurrent Assets		
Property and equipment (Notes 3 and 9)	**2,918,277,340**	2,892,648,868
Other assets (Notes 8, 23 and 24)	**11,411,505**	9,046,546
Total Noncurrent Assets	**2,929,688,845**	2,901,695,414
	₱3,222,844,485	₱3,145,659,147
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 10 and 23)	**₱218,874,780**	₱182,352,122
Dividends payable (Notes 12 and 24)	**89,467,449**	81,757,198
Current portion of long-term liability (Notes 11, 23 and 24)	**40,000,000**	40,000,000
Income tax payable (Note 17)	**15,096,762**	14,663,275
Total Current Liabilities	**363,438,991**	318,772,595
Noncurrent Liabilities		
Long-term liability (Notes 11, 23 and 24)	**96,741,749**	123,717,899
Deferred tax liabilities - net (Note 17)	**231,344,052**	224,668,920
Retirement liability (Notes 3 and 16)	**100,572,670**	105,556,970
Total Noncurrent Liabilities	**428,658,471**	453,943,789
Total Liabilities	**792,097,462**	772,716,384
Equity		
Capital stock (Note 12)	**372,414,400**	372,414,400
Additional paid-in capital	**664,056**	664,056
Revaluation increment on land (Note 9)	**1,284,586,773**	1,242,637,773
Revaluation reserve on available-for-sale financial assets (Note 8)	**209,594**	188,858
Retained earnings (Note 12)		
Unappropriated	**322,872,200**	307,037,676
Appropriated	**450,000,000**	450,000,000
Total Equity	**2,430,747,023**	2,372,942,763
	₱3,222,844,485	₱3,145,659,147

See accompanying Notes to Consolidated Financial Statements.

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended March 31		
	2013	2012	2011
REVENUES			
Sale of services:			
Tuition and other school fees (Note 13)	**₱1,448,419,588**	₱1,405,583,660	₱1,342,181,789
Miscellaneous income (Note 14)	**26,393,292**	26,714,952	25,857,290
Interest income (Notes 4 and 20)	**6,512,411**	5,411,136	6,048,014
	1,481,325,291	1,437,709,748	1,374,087,093
COSTS AND EXPENSES			
Costs of services (Note 15)	**960,749,852**	939,659,744	1,014,398,873
General and administrative expenses (Note 15)	**170,548,503**	149,715,564	118,851,157
Interest expense (Note 11)	**13,023,850**	15,409,616	17,584,385
Provision for impairment losses (Note 9)	**5,294,724**	–	–
Foreign currency exchange (gains) losses - net	**980,582**	(295,904)	85,090
Loss on sale /retirement of assets	**238,683**	1,278,625	1,075,347
	1,150,836,194	1,105,767,645	1,151,994,852
INCOME BEFORE INCOME TAX	**330,489,097**	331,942,103	222,092,241
PROVISION FOR INCOME TAX (Note 17)	**35,343,773**	34,833,151	22,929,865
NET INCOME (Note 22)	**₱295,145,324**	₱297,108,952	₱199,162,376
Basic/Diluted Earnings Per Share (Note 22)	**₱0.79**	₱0.80	₱0.53

See accompanying Notes to Consolidated Financial Statements.

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended March 31		
	2013	2012	2011
NET INCOME	**₱295,145,324**	₱297,108,952	₱199,162,376
OTHER COMPREHENSIVE INCOME (LOSS)			
Revaluation increment on land (Note 9)	**46,610,000**	–	–
Income tax effect	**4,661,000**	–	–
	41,949,000	–	–
Change in revaluation reserve on available-for-sale financial assets (Note 8)	**20,736**	17,150	(5,197)
Total other comprehensive income (loss), net of tax	**41,969,736**	17,150	(5,197)
TOTAL COMPREHENSIVE INCOME	**₱337,115,060**	₱297,126,102	₱199,157,179

See accompanying Notes to Consolidated Financial Statements.

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (₱1 par value)				Retained Earnings (Note 12)				
	Number of Shares								
	Authorized	Issued and Outstanding	Amount	Additional Paid-in Capital	Appropriated	Unappropriated	Revaluation Increment on Land (Note 9)	Revaluation Reserve on Available-for-sale Financial Assets (Note 8)	Total Equity
Balances at April 1, 2012	**800,000,000**	**372,414,400**	**₱372,414,400**	**₱664,056**	**₱450,000,000**	**₱307,037,676**	**₱1,242,637,773**	**₱188,858**	**₱2,372,942,763**
Net income	–	–	–	–	–	**295,145,324**	–	–	**295,145,324**
Other comprehensive income	–	–	–	–	–	–	**41,949,000**	**20,736**	**41,969,736**
Total comprehensive income	–	–	–	–	–	**295,145,324**	**41,949,000**	**20,736**	**337,115,060**
Cash dividends (Note 12)	–	–	–	–	–	**(279,310,800)**	–	–	**(279,310,800)**
Balances at March 31, 2013	**800,000,000**	**372,414,400**	**₱372,414,400**	**₱664,056**	**₱450,000,000**	**₱322,872,200**	**₱1,284,586,773**	**₱209,594**	**₱2,430,747,023**
Balances at April 1, 2011	800,000,000	372,414,400	₱372,414,400	₱664,056	₱450,000,000	₱382,343,124	₱1,242,637,773	₱171,708	₱2,448,231,061
Net income	–	–	–	–	–	297,108,952	–	–	297,108,952
Other comprehensive income	–	–	–	–	–	–	–	17,150	17,150
Total comprehensive income	–	–	–	–	–	297,108,952	–	17,150	297,126,102
Cash dividends (Note 12)	–	–	–	–	–	(372,414,400)	–	–	(372,414,400)
Balances at March 31, 2012	800,000,000	372,414,400	₱372,414,400	₱664,056	₱450,000,000	₱307,037,676	₱1,242,637,773	₱188,858	₱2,372,942,763
Balances at April 1, 2010	800,000,000	372,414,400	₱372,414,400	₱664,056	₱608,798,000	₱303,693,548	₱1,242,637,773	₱176,905	₱2,528,384,682
Net income	–	–	–	–	–	199,162,376	–	–	199,162,376
Other comprehensive income (loss)	–	–	–	–	–	–	–	(5,197)	(5,197)
Total comprehensive income (loss)	–	–	–	–	–	199,162,376	–	(5,197)	199,157,179
Reversal of appropriations	–	–	–	–	(408,798,000)	408,798,000	–	–	–
Appropriations	–	–	–	–	250,000,000	(250,000,000)	–	–	–
Cash dividends (Note 12)	–	–	–	–	–	(279,310,800)	–	–	(279,310,800)
Balances at March 31, 2011	800,000,000	372,414,400	₱372,414,400	₱664,056	₱450,000,000	₱382,343,124	₱1,242,637,773	₱171,708	₱2,448,231,061

See accompanying Notes to Consolidated Financial Statements.

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱330,489,097**	₱331,942,103	₱222,092,241
Adjustments for:			
Depreciation and amortization (Note 9)	**80,023,388**	87,025,111	90,487,812
Interest expense	**13,023,850**	15,409,616	17,584,385
Interest income	**(6,512,411)**	(5,411,136)	(6,048,014)
Movement in retirement liability	**(4,984,300)**	(2,975,400)	40,993,200
Provision for impairment losses (Note 9)	**5,294,724**	–	
Losses (gains) on sale/retirement of assets	**238,683**	1,278,625	1,075,347
Unrealized foreign exchange losses (gains) - net	**980,582**	(295,904)	85,090
Operating income before changes in operating assets and liabilities	**418,553,613**	426,973,015	366,270,061
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Tuition fee and other receivables	**(1,774,984)**	(4,494,573)	(2,576,400)
Inventories	**(938,922)**	(717,823)	1,669,671
Other current assets	**2,001,363**	7,463,629	19,060,906
Increase in accounts payable and accrued expenses	**36,564,128**	4,804,400	42,387,041
Net cash generated from operations	**454,405,198**	434,028,648	426,811,279
Income taxes paid	**(32,896,151)**	(26,557,357)	(30,946,634)
Interest received	**6,276,950**	5,467,687	5,914,620
Net cash provided by operating activities	**427,785,997**	412,938,978	401,779,265
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Notes 9 and 21)	**(64,590,267)**	(55,807,887)	(82,838,715)
Proceeds from sale of property and equipment	**15,000**	249,993	348,747
Increase in other assets	**(2,385,695)**	(8,445,828)	–
Net cash used in investing activities	**(66,960,962)**	(64,003,722)	(82,489,968)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of cash dividends (Note 12)	**(271,600,548)**	(359,285,662)	(271,661,687)
Payments of long-term liability (Note 11)	**(40,000,000)**	(40,000,000)	(40,000,000)
Cash used in financing activities	**(311,600,548)**	(399,285,662)	(311,661,687)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**49,224,487**	(50,350,406)	7,627,610
EFFECT OF FOREIGN CURRENCY RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(980,582)**	295,904	(85,090)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**209,522,046**	259,576,548	252,034,028
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱257,765,951**	₱209,522,046	₱259,576,548

See accompanying Notes to Consolidated Financial Statements.

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The accompanying consolidated financial statements include the accounts of Centro Escolar University (the University) and its wholly owned subsidiary, Centro Escolar University Hospital, Inc. (the Hospital) (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 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 May 31, 2014 by virtue of CHED Memorandum Order No. 10, s. 2012. 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 institutions: (a) 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.

The University invested in the Hospital, which was incorporated on June 10, 2008 and was consolidated beginning fiscal year 2009. 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. As of March 31, 2013, the Hospital has not yet started operations.

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

The accompanying consolidated financial statements were approved and authorized for issue by the University's Board of Directors (BOD) on June 28, 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements are prepared using the historical cost basis, except for land, which is carried at revalued amount and available-for-sale (AFS) financial assets, which are measured at fair value.

The consolidated financial statements are presented in Philippine Peso (₱), which is also the University and the Hospital's functional currency.

Statement of Compliance
The accompanying consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements include the financial statements of the University and its wholly owned subsidiary, the Hospital, which were incorporated in the Philippines. The financial statements of the Hospital are prepared for the same reporting period as the University, using consistent accounting policies.

Basis of consolidation
A 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 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.

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;
- Recognizes the fair value of the consideration received, fair value of any investment retained and any surplus or deficit in profit or loss; and
- Reclassifies the University's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended standards, interpretations and improvements to PFRS which were adopted as of April 1, 2012. These new, revised and amended standards, interpretations and improvements to PFRS did not have any impact on the accounting policies, financial position or performance of the Group.

- PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets* (Amendments)
  The amendments require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the Group's continuing involvement in those derecognized assets.

- PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (Amendments)
  This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred

tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on nondepreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset.

<u>New standards and interpretations that have been issued but are not yet effective</u>
Standards or interpretations issued but are not effective as of March 31, 2013 are listed below. This is a listing of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards and interpretation when they become effective. Except as otherwise stated, the Group does not expect the adoption of these new standards and interpretations to have a significant impact on its consolidated financial statements.

- PFRS 7, *Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (Amendments), effective for annual periods beginning on or after January 1, 2013. These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

- PFRS 10, *Consolidated Financial Statements*, effective for annual periods beginning on or after January 1, 2013. PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- PFRS 11, *Joint Arrangements*, effective for annual periods beginning on or after January 1, 2013. PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interests in Other Entities*, effective for annual periods beginning on or after January 1, 2013. PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The adoption of PFRS 12 will affect disclosures only and have no impact on the Group's consolidated financial position and performance.

- PFRS 13, *Fair Value Measurement*, effective for annual periods beginning on or after January 1, 2013. PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The Group is currently assessing the impact of the adoption of this standard on its consolidated financial position and performance.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments). These amendments change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.

- PAS 19, *Employee Benefits* (Revised), effective for annual periods beginning on or after January 1, 2013. These amendments range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. Once effective, the Group has to apply the amendments retroactively to the earliest period presented. The Group accounts for its post employment benefit under defined benefit plan.

  The Group will opt to close to retained earnings the effect of all transition adjustments as at April 1, 2011 (the transition date) amounting to ₱18.35 million.

The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard. The effects are detailed below:

	As at March 31, 2013	As at March 31, 2012	As at April 1, 2011
Increase (decrease) in:			
Statements of financial position			
Retirement liability	₱95,422,830	₱38,808,330	(₱26,221,700)
Deferred tax liability	(9,542,283)	(3,880,833)	2,622,170
Other comprehensive income	(81,043,833)	(34,608,177)	–
Retained earnings	(4,836,714)	(319,320)	23,599,530

	For the year ended March 31, 2013	For the year ended March 31, 2012
Increase (decrease) in:		
Statements of comprehensive income		
Salaries and employee benefits	₱5,019,327	₱26,576,500
Income tax expense	(501,933)	(2,657,650)
Net income	(4,517,394)	(23,918,850)

- PAS 27, *Separate Financial Statements* (as revised in 2011). As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements of the University. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011), effective for annual periods beginning on or after January 1, 2013. As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendments will have no impact on the Group's consolidated financial position or performance.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, effective for annual periods beginning on or after January 1, 2013. This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. This interpretation will not have any impact on its financial position or performance of the Group.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments), effective for annual periods beginning on or after January 1, 2014. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance.

- PFRS 9, *Financial Instruments.* PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. 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 fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. 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 Group is still evaluating the effects of the adoption of PFRS 9.

  PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

- 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 interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (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.

Improvements to PFRS (2009-2011 cycle)
- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
- PAS 1, *Presentation of Financial - Clarification of the requirements for comparative information*
- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*

- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- PAS 34, *Interim Financial Reporting -Interim financial reporting and segment information for total assets and liabilities*

Summary of Significant Accounting Policies

<u>Cash and Cash Equivalents</u>
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 months or less from dates of placement and are subject to an insignificant risk of change in value.

<u>Inventories</u>
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. Cost includes the invoice amount, freight and other incidental costs and is determined using the first-in, first-out method.

<u>Financial Assets and Liabilities</u>
Date of Recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement 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.

Initial Recognition
Financial assets and financial liabilities are recognized initially 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 fair value through profit or loss (FVPL). The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) financial assets, AFS financial assets, and loans and receivables. The financial liabilities, on the other hand, are classified into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the financial instruments were 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 investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of March 31, 2013 and 2012, the Group has no financial asset or liability at FVPL and HTM financial assets.

'Day 1' Difference
Where the transaction price in a non-active market is different from the fair value based on 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 profit or loss unless it qualifies for recognition as some other type of asset. 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 profit or loss 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
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortized cost in the consolidated statement of financial position. Amortization is determined using the effective interest method and is included under interest income in profit or loss. The losses arising from impairment of such financial assets are recognized in profit or loss. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Included under this category are the Group's cash and cash equivalents and tuition and other receivables.

AFS Financial Assets
AFS financial assets are non-derivative instruments that are either designated in this category or are not classified in any of the other categories. AFS financial assets are carried at fair value in the consolidated statement of financial position.

Changes in the fair value of such assets are accounted for as other comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously recognized as other comprehensive income is included in profit or loss.

Classified under this category are the Group's investments in quoted equity shares.

Other Financial Liabilities
Other financial liabilities pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain contractual obligations to deliver cash or another financial asset to the holder.

After initial recognition, these liabilities 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.

Other financial liabilities consist of accounts payable and accrued expenses, dividends payable and long-term liability.

Impairment of Financial Assets
The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired.

Financial Assets Carried at Amortized Cost
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 effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss is recognized in profit or loss.

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, 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 profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets
If an AFS financial asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss. Increases in fair value after impairment are recognized under other comprehensive income.

Derecognition of Financial Assets and Liabilities
Financial Assets
The derecognition of a financial asset takes place when the Group has either (a) transferred substantially all the risks and rewards of the ownership or (b) when it has neither transferred nor retained substantially all the risks and rewards but it no longer has control over the assets or a portion of the asset.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented gross in the consolidated statement of financial position.

Property and Equipment
Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any accumulated impairment in value. The initial cost and property and equipment comprises its purchase price 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 included under other comprehensive income except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation decrease is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized under other comprehensive income.

Construction in progress, included in property and equipment, is stated at cost. This includes costs related to acquisition of new enrolment and payroll systems that are not yet completed as of the reporting date. 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 cost, are normally charged to profit or loss in the year 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 10 years except for buildings, which are depreciated over 50 years.

Leasehold improvements are amortized over the useful lives of the improvements or the lease term, whichever is shorter.

The useful life and depreciation and amortization method are reviewed at least at each reporting date to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets
The carrying values of nonfinancial assets (i.e., property and equipment) are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation or amortization) had no impairment loss been recognized for the asset in prior years. Any reversal of an impairment loss is credited to current operations.

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.

Income Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at 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 income 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 and associates, deferred income 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 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 liabilities are recognized for all taxable temporary differences. 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 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.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Tuition and Other School Fees

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

Interest Income

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

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

Rental Income
Rental income arising from operating leases is accounted for on a straight line basis over the corresponding lease terms.

Retirement Costs
Retirement costs on the Group's defined benefit retirement plan are actuarially computed using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses to the extent recognized, past service cost to the extent recognized and the effect of any curtailment or settlement. Actuarial gains and losses are recognized as income or expense using the corridor approach. The excess of the net cumulative actuarial gains and losses over the greater of 10% of the present value of the defined benefit obligation at the end of the previous reporting period and of 10% of the fair value of any plan assets is distributed over the expected average remaining working life of the employees as income or expense.

The liability recognized in the consolidated statement of financial position with respect to the defined benefit retirement plan is the present value of the defined benefit obligation at the reporting date and actuarial gains and losses not recognized less past service cost not yet recognized and the fair value of the plan asset. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using rates that have terms to maturity approximating the terms of the related retirement liability.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are vested immediately following the introduction of, or changes to, a retirement plan, past service cost is recognized immediately.

Equity
Capital stock is measured at par value for all shares issued. When the University issues more than one 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.

Expense Recognition
Expenses are recognized in the consolidated statement 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 statement 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 statement 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.

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Lease payments are recognized on a straight-line basis over the lease term plus payments based on a certain percentage of the net income of the leased property, pursuant to the terms of the lease contracts.

Foreign Currency Transactions and Translations
Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. 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 current operations. 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. Foreign currency exchange gains or losses are recognized in profit or loss.

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 computed by dividing net income by the weighted average number of common shares outstanding during the year and adjusted for the effect of dilutive options and dilutive convertible preferred shares, if any.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the geographic locations, designated as the Group 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.

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 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 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 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 the consolidated financial statements when material.

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.

Judgment
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 Lease - Group as Lessee
The Group has entered into a lease on premises it uses for its Makati-Buendia campus.

The Group has determined, based on an evaluation of (a) the terms and conditions of the arrangement, (b) the economic life of the asset as against the lease term, and (c) the minimum lease payments of the contract as against the fair value of the asset, that all significant risks and rewards of ownership of the properties are not transferred to the Group and so accounts for the contract as operating lease.

Operating Lease - Group as Lessor
The Group has entered into commercial property leases on its Mendiola campus. The Group has determined, based on an evaluation of (a) the terms and conditions of the arrangement, (b) the economic life of the asset as against the lease term, and (c) the minimum lease payments of the contract as against the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

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 value of tuition and other receivables amounted to ₱25.54 million and ₱23.53 million net of allowance for probable loss amounting to ₱12.66 million and ₱2.97 million, as of March 31, 2013 and 2012, respectively (see Note 5).

Impairment of Property and Equipment
The University 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 University 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.

As of March 31, 2013, allowance for impairment losses amounted to ₱5.29 million. The carrying value of property and equipment as of March 31, 2013 and 2012 amounted to ₱2.92 billion and ₱2.89 billion, respectively (see Note 9).

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 or commercial 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 carrying value of property and equipment as of March 31, 2013 and 2012 amounted to ₱2.92 billion and ₱2.89 billion, respectively (see Note 9).

Estimation of Retirement Obligation
The determination of the Group's obligation and cost for retirement is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 16 and include among others, discount and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations.

Retirement liability amounted to ₱100.57 million and ₱105.56 million as of March 31, 2013 and 2012, respectively (see Note 16).

Revaluation of Land
The Group engaged the services of an independent appraiser to determine the fair values of its land carried at revalued amount. Key assumptions used by the independent appraiser are disclosed in Note 9. The revalued amount of land included under property and equipment in the consolidated statements of financial position amounted to ₱1.62 billion and ₱1.57 billion as of March 31, 2013 and 2012, respectively (see Note 9).

4. **Cash and Cash Equivalents**

This account consists of:

	2013	2012
Cash on hand and in banks	**₱119,471,225**	₱88,734,882
Short-term deposits	**138,294,726**	120,787,164
	₱257,765,951	₱209,522,046

Cash in banks earned annual interest ranging from 0.50% to 1.00% in 2013 and 2012. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the University, and earned interest ranging from 2.08% to 3.20% in 2013 and 3.60% in 2012. Interest income from cash in banks and time deposits amounted to ₱6.41 million, ₱4.85 million and ₱5.71 million in 2013, 2012 and 2011, respectively.

5. **Tuition and Other Receivables**

This account consists of:

	2013	2012
Tuition fee receivable	**₱25,982,800**	₱17,351,118
Accrued interest receivable	**423,502**	173,533
Others:		
Advances to employees	**8,253,384**	7,280,293
Accrued rent receivable	**3,535,983**	1,697,934
	38,195,669	26,502,878
Less allowance for doubtful accounts	**12,656,625**	2,974,277
	₱25,539,044	₱23,528,601

Tuition fees receivable are non-interest-bearing and are generally on a 120-day term. Advances to employees are given on 6- to 42-month terms, collectible through salary deductions, which comprise non-interest-bearing advances and interest-bearing loans that earn annual interest of 12.00%.

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

	2013	2012
Balance at beginning of year	**₱2,974,277**	₱8,877,260
Provision (Note 15)	**12,656,625**	2,974,277
Write-off	**(2,974,277)**	(8,877,260)
Balance at end of year	**₱12,656,625**	₱2,974,277

As of March 31, 2013 and 2012, the aging analysis of tuition and other receivables follows:

	2013				
	Neither Past Due nor Impaired	**Past Due but not Specifically Impaired**			**Total**
		1-30 days	**Over 30 days**	**Over 60 days**	
Tuition fees receivable	**₱–**	**₱–**	**₱–**	**₱25,982,800**	**₱25,982,800**
Accrued interest receivable	**423,502**	**–**	**–**	**–**	**423,502**
Others:					
Advances to employees	**8,253,384**	**–**	**–**	**–**	**8,253,384**
Accrued rent receivable	**3,535,983**	**–**	**–**	**–**	**3,535,983**
Total	**₱12,212,869**	**₱–**	**₱–**	**₱25,982,800**	**₱38,195,669**

	2012				
	Neither Past Due nor Impaired	Past Due but not Specifically Impaired			Total
		1-30 days	Over 30 days	Over 60 days	
Tuition fees receivable	₱–	₱–	₱–	₱17,351,118	₱17,351,118
Accrued interest receivable	173,533	–	–	–	173,533
Others:					
Advances to employees	7,280,293	–	–	–	7,280,293
Accrued rent receivable	1,697,934	–	–	–	1,697,934
Total	₱9,151,760	₱–	₱–	₱17,351,118	₱26,502,878

6. Inventories

This account consists of:

	2013	2012
At cost:		
Uniforms and outfits	**₱1,734,584**	₱3,372,675
Materials	**4,148,985**	2,472,912
Supplies	**2,510,674**	1,609,734
	₱8,394,243	₱7,455,321

In 2013, 2012 and 2011, the amount of inventories charged to profit and loss amounted to ₱13.03 million, ₱18.29 million and ₱19.32 million, respectively.

7. Other Current Assets

This account consists of:

	2013	2012
Prepayments	**₱1,385,279**	₱3,015,663
Others	**71,123**	442,102
	₱1,456,402	₱3,457,765

8. Other Assets

This account consists of:

	2013	2012
Advances to suppliers and contractors	**₱10,790,052**	₱8,445,829
Available-for-sale financial assets	**621,453**	600,717
	₱11,411,505	₱9,046,546

The change in revaluation reserve on AFS financial assets included in other comprehensive income amounted to ₱20.74 thousand, ₱17.15 thousand and ₱5.20 thousand in 2013, 2012 and 2011, respectively. As of March 31, 2013 and 2012, the revaluation reserve on AFS financial assets amounted to ₱209.59 thousand and ₱188.86 thousand, respectively.

9. Property and Equipment

The rollforward analysis of this account follows:

	2013							
	Land	**Land Improvements**	**Buildings and Leasehold Improvements**	**Furniture, Transportation and Auxiliary Equipment**	**Laboratory Equipment**	**Library Books**	**Construction in Progress**	**Total**
Cost								
Balances at beginning of year	**₱1,569,164,000**	**₱29,158,832**	**₱1,512,469,760**	**₱431,601,600**	**₱248,690,562**	**₱82,499,943**	**₱8,523,339**	**₱3,882,108,036**
Additions (Note 21)	**46,610,000**	**–**	**11,658,922**	**24,949,383**	**21,015,022**	**6,966,940**	**–**	**111,200,267**
Retirements / disposals (Note 21)	**–**	**–**	**–**	**(1,025,848)**	**(375,249)**	**–**	**–**	**(1,401,097)**
Balances at end of year	**1,615,774,000**	**29,158,832**	**1,524,128,682**	**455,525,135**	**269,330,335**	**89,466,883**	**8,523,339**	**3,991,907,206**
Accumulated Depreciation and Amortization								
Balances at beginning of year	**–**	**28,855,395**	**420,836,555**	**345,662,799**	**146,101,741**	**48,002,678**	**–**	**989,459,168**
Depreciation and amortization (Note 15)	**–**	**134,633**	**34,535,411**	**22,042,692**	**17,842,403**	**5,468,249**	**–**	**80,023,388**
Retirements / disposals (Note 21)	**–**	**–**	**–**	**(805,568)**	**(341,846)**	**–**	**–**	**(1,147,414)**
Balances at end of year	**–**	**28,990,028**	**455,371,966**	**366,899,923**	**163,602,298**	**53,470,927**	**–**	**1,068,335,142**
Accumulated Allowance for Impairment Losses								
Provision for impairment losses	**–**	**–**	**–**	**–**	**5,294,724**	**–**	**–**	**5,294,724**
Net Book Values	**₱1,615,774,000**	**₱168,804**	**₱1,068,756,716**	**₱88,625,212**	**₱100,433,313**	**₱35,995,956**	**₱8,523,339**	**₱2,918,277,340**

	2012							
	Land	**Land Improvements**	**Buildings and Leasehold Improvements**	**Furniture, Transportation and Auxiliary Equipment**	**Laboratory Equipment**	**Library Books**	**Construction in Progress**	**Total**
Cost								
Balances at beginning of year	₱1,569,164,000	₱29,158,832	₱1,498,143,501	₱414,759,613	₱246,553,639	₱72,412,962	₱7,153,576	₱3,837,346,123
Additions	–	–	14,326,259	20,421,459	9,603,425	10,086,981	1,369,763	55,807,887
Retirements / disposals	–	–	–	(3,579,472)	(7,466,502)	–	–	(11,045,974)
Balances at end of year	1,569,164,000	29,158,832	1,512,469,760	431,601,600	248,690,562	82,499,943	8,523,339	3,882,108,036
Accumulated Depreciation and Amortization								
Balances at beginning of year	₱–	₱28,589,624	₱386,352,855	₱316,298,018	₱137,807,768	₱42,903,148	₱–	₱911,951,413
Depreciation and amortization (Note 15)	–	265,771	34,483,700	32,421,899	14,754,211	5,099,530	–	87,025,111
Retirements / disposals	–	–	–	(3,057,118)	(6,460,238)	–	–	(9,517,356)
Balances at end of year	–	28,855,395	420,836,555	345,662,799	146,101,741	48,002,678	–	989,459,168
Net Book Values	₱1,569,164,000	₱303,437	₱1,091,633,205	₱85,938,801	₱102,588,821	₱34,497,265	₱8,523,339	₱2,892,648,868

Construction in progress includes software development costs for the University's payroll and enrollment system.

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

As of March 31, 2013 and 2012, the cost of the Group's fully depreciated property and equipment still in use amounted to ₱552.30 million and ₱547.96 million.

As of March 31, 2013 and 2012, land at revalued amounts consists of:

	2013	2012
At cost	**₱188,455,363**	₱188,455,363
Revaluation increment	**1,427,318,637**	1,380,708,637
	₱1,615,774,000	₱1,569,164,000

The fair value of the Group's various land at revalued amount was based on a third party appraisal with effective dates of valuation of March 31, 2013 and March 31, 2010 using sales comparison approach.

In the sales comparison approach, the value of land is based on sales and listings of comparable property registered within the vicinity. This approach requires establishing comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the difference between the subject properties and those actual sales and listing regarded as comparable.

The increase in revaluation increment, before the tax effect, amounted to ₱46.61 million in 2013.

10. Accounts Payable and Accrued Expenses

This account consists of:

	2013	2012
Accounts payable	**₱143,378,372**	₱136,777,625
Accrued expenses:		
Payable to employees	**40,173,163**	29,923,905
Other accrued expenses	**26,690,798**	5,162,772
X-ray laboratory fees	**5,601,723**	5,877,333
Alumni fees payable	**1,437,854**	3,379,835
Deposits	**1,592,870**	1,230,652
	₱218,874,780	₱182,352,122

Accounts payable are non-interest-bearing and are generally on 30- to 60- day terms. Other accrued expenses include utilities.

11. **Long-term Liability**

This account consists of:

	2013	2012
Long-term liability	**₱152,140,547**	₱188,308,283
Less prepaid interest	**15,398,798**	24,590,384
	136,741,749	163,717,899
Less current portion of long-term liability	**40,000,000**	40,000,000
	₱96,741,749	₱123,717,899

The long-term liability for the property acquired in 2007 amounting to ₱500.00 million consists of ₱100.00 million prepaid interest and ₱400.00 million, payable in 10 annual installments of ₱40.00 million payable every July 5 starting in 2007 until fully paid on July 5, 2016. In case of delay in the payment of annual installment, the Group 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 was initially recognized at fair value, determined based on present value using a discount rate of 9.70%. The long-term liability is subsequently measured at amortized cost using effective interest rate method, taking into account the prepaid interest and charges that are integral part of the effective interest rate. Interest expense on long-term liability amounted to ₱13.02 million, ₱15.41 million and ₱17.58 million in 2013, 2012 and 2011, respectively. The Group paid its annual installment of ₱40.00 million in July 2012, 2011 and 2010.

12. **Equity**

Capital Stock

a. 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 of March 31, 2013, the total number of shares registered under the SRC is 372,414,400 shares being held by 1,062 stockholders.

Cash Dividends

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

	2013	2012	2011
November 23, 2012, ₱0.75 per share cash dividends to stockholders of record as of December 17, 2012 payable on January 15, 2013	**₱279,310,800**	₱–	₱–
December 16, 2011, ₱0.25 per share cash dividends to stockholders of record as of January 2, 2012 payable on January 25, 2012	–	93,103,600	–
September 30, 2011,₱0.25 per share cash dividends to stockholders of record as of October 14, 2011 payable on November 10, 2011	–	93,103,600	–
May 27, 2011, ₱0.50 per share cash dividends to stockholders of record as of June 10, 2011 payable on July 7, 2011	–	186,207,200	–
June 25, 2010, ₱0.75 per share cash dividends to stockholders of record as of July 12, 2010 payable on August 2, 2010	–	–	279,310,800
	₱279,310,800	₱372,414,400	₱279,310,800

As of March 31, 2013 and 2012, the carrying value of dividends payable amounted to ₱89.47 million and ₱81.76 million, respectively.

Appropriated Retained Earnings

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 budget for capital expenditures for the fiscal year April 2013 to March 2014, 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 one to five years.

13. Tuition and Other School Fees

This account consists of:

	2013	2012	2011
Tuition fees	**₱709,876,145**	₱738,305,557	₱637,186,108
Other fees	**436,140,251**	402,032,276	420,063,823
Income from other school services	**302,403,192**	265,245,827	284,931,858
	₱1,448,419,588	₱1,405,583,660	₱1,342,181,789

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 and qualifying examinations and various collections for specific items or activities.

14. **Miscellaneous Income**

This account consists of:

	2013	2012	2011
Rental (Note 18)	**₱8,985,173**	₱10,416,189	₱6,978,455
Dental materials	**6,891,027**	3,971,892	3,041,695
Swimming fees	**2,939,853**	2,945,059	2,927,560
Locker fees	**2,811,234**	2,217,635	2,498,901
Professional and continuing education	**1,081,186**	2,753,747	3,698,337
Photograph fees	**963,692**	1,052,293	1,245,002
Service commissions	**864,727**	883,553	1,405,631
Dental pre-board	**641,526**	491,236	1,600,096
Insurance fees	**305,307**	321,978	322,326
Handling fees	**16,689**	390,562	398,258
Others	**892,878**	1,270,808	1,741,029
	₱26,393,292	₱26,714,952	₱25,857,290

15. **Costs and Expenses**

This account consists of:

	2013	2012	2011
Cost of services:			
Salaries and wages	**₱263,866,884**	₱269,980,475	₱280,214,544
SSS contributions and other employee benefits	**278,673,091**	264,098,694	277,396,347
Light and water	**100,149,064**	91,650,377	89,777,167
Depreciation and amortization (Note 9)	**80,023,388**	87,025,111	90,487,812
Development	**31,303,320**	31,144,513	30,538,194
Library	**30,017,718**	28,027,686	28,404,284
Rental (Note 18 and 20)	**24,871,834**	24,646,200	28,350,508
Recruitment and placement	**24,642,225**	23,399,752	23,617,424
Retirement expense (Note 16)	**21,015,700**	21,024,600	65,993,200
Management information	**20,171,945**	12,989,526	23,399,355
Stationery and office supplies	**16,514,635**	13,916,902	15,585,191
Expenses for co-curricular activities	**16,288,285**	18,234,178	19,189,506
Instructional and academic expenses	**15,428,013**	17,132,241	9,143,353
Laboratory	**13,503,699**	10,756,726	8,994,771
Guidance and counseling	**9,030,119**	9,264,483	7,522,978
Directors' and administrative committee	**6,324,861**	6,602,291	7,295,472
Professional fees	**3,578,689**	4,619,712	3,135,028
Comprehensive and oral examinations	**1,251,124**	1,175,134	985,720
Registration expenses of students	**1,247,214**	1,414,901	1,263,717
University chapel expenses	**1,151,757**	1,099,939	1,303,183
Publications (Note 20)	**1,018,151**	909,240	1,236,286
Affiliation	**678,136**	547,063	564,833
	960,749,852	939,659,744	1,014,398,873
General and administrative expenses:			
Janitorial and security services	**32,465,738**	28,327,564	26,862,433
Transportation and communications	**27,907,770**	28,764,960	22,626,465

(Forward)

	2013	2012	2011
Repairs and maintenance	**₱24,460,292**	₱20,898,069	₱25,112,111
Write-off of receivables	**20,871,704**	13,038,131	–
Taxes and licenses	**20,130,521**	11,597,698	7,769,153
Clinical expenses	**14,475,984**	28,477,078	12,208,419
Provision for doubtful accounts (Note 5)	**12,656,625**	2,974,277	8,008,872
Entertainment, amusement and recreation	**8,482,631**	8,352,197	8,102,378
Insurance	**3,633,948**	3,775,454	3,837,376
Membership fees and dues	**902,531**	420,534	1,034,395
Bank charges	**101,928**	113,922	121,616
Miscellaneous	**4,458,831**	2,975,680	3,167,939
	170,548,503	149,715,564	118,851,157
	₱1,131,298,355	₱1,089,375,308	₱1,133,250,030

Miscellaneous expenses mainly pertain to expenses for conducting review classes, professional and continuing education trainings and community outreach programs, 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.

The following tables summarize the components of net retirement expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the existing retirement plan.

In 2011, the University approved a new collective bargaining agreement with its employees with changes in the increments on employee retirement benefits.

Retirement expense under “Cost of services” in the consolidated statements of income follows:

	2013	2012	2011
Current service cost	**₱17,372,700**	₱13,681,800	₱25,199,000
Interest cost on benefit obligation	**22,773,500**	23,714,800	42,866,000
Expected return on plan assets	**(20,662,600)**	(16,693,400)	(14,767,900)
Net actuarial (gain) loss recognized	**–**	(1,808,100)	11,212,500
Amortization of past service cost	**1,532,100**	2,129,500	1,483,600
	₱21,015,700	₱21,024,600	₱65,993,200

The unfunded status and amounts recognized under retirement liability in the consolidated statements of financial position for the retirement plan as of March 31, 2013 and 2012 are as follows:

	2013	2012
Present value of benefit obligation	**₱462,229,700**	₱373,949,416
Fair value of plan assets	**266,234,200**	229,584,116
	195,995,500	144,365,300
Unamortized past service cost	**(25,755,000)**	(27,287,100)
Net unrecognized actuarial losses	**(69,667,830)**	(11,521,230)
	₱100,572,670	₱105,556,970

Changes in the present value of the defined benefit obligation are as follows:

	2013	2012
At beginning of year	**₱373,949,416**	₱290,978,540
Interest cost	**22,773,500**	23,714,800
Current service cost	**17,372,700**	13,681,800
Actuarial losses	**77,083,684**	66,600,976
Benefits paid	**(28,949,600)**	(22,254,400)
Past service cost	–	1,227,700
At end of year	**₱462,229,700**	₱373,949,416

Changes in the fair value of plan assets are as follows:

	2013	2012
At beginning of year	**₱229,584,116**	₱208,667,940
Expected return on plan assets	**20,662,600**	16,693,400
Benefits paid	**(28,949,600)**	(22,254,400)
Actuarial gains	**18,937,084**	2,477,176
Contributions	**26,000,000**	24,000,000
At end of year	**₱266,234,200**	₱229,584,116

The University expects to contribute ₱19.0 million to the fund in 2014.

The actual return on plan assets of the University amounted to gains of ₱39.60 million, ₱19.17 million and ₱14.23 million in 2013, 2012 and 2011.

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The amounts of present value of defined benefit obligation, fair value of plan assets, deficit in the plan and experience adjustments arising on plan assets or liabilities recognized for the current and previous four periods are as follows:

	2013	2012	2011	2010	2009
Present value of obligation	**₱462,229,700**	₱373,949,416	₱290,978,540	₱454,570,000	₱254,138,500
Fair value of plan assets	**266,234,200**	229,584,116	208,667,940	184,599,100	136,138,400
Deficit	**₱195,995,500**	₱144,365,300	₱82,310,600	₱269,970,900	₱118,000,100
Experience adjustments on plan liabilities	**(₱40,689,816)**	(₱5,304,124)	₱28,514,940	₱23,830,800	(₱3,536,600)
Experience adjustments on plan assets	**18,937,084**	2,477,176	(536,560)	31,338,600	(8,513,000)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2013	2012
Investments in bonds and government securities	**48.30%**	58.24%
Investments in shares of stocks	**40.66%**	38.75%
Bank deposits	**10.62%**	2.95%
Others	**0.42%**	0.06%
	100.00%	100.00%

The principal assumptions used in determining retirement benefits are as follows:

	2013	2012
Expected rate of return on plan assets	**8.00%**	9.00%
Discount rate		
At April 1	**6.09%**	8.15%
At March 31	**3.61%**	6.09%
Salary increase rate	**5.00%**	5.00%

17. **Income Taxes**

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

	2013	2012	2011
Current	**₱33,329,641**	₱33,158,656	₱23,298,579
Deferred	**2,014,132**	1,674,495	(368,714)
	₱35,343,773	₱34,833,151	₱22,929,865

The Group's 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, 2013, 2012 and 2011 follows:

	2013	2012	2011
Income tax at statutory income tax rate	**₱33,048,910**	₱33,194,210	₱22,209,224
Adjustments on:			
Nondeductible interest expense	**1,302,386**	1,540,962	822,989
Effect of higher tax rate of the Hospital	**958,544**	518,760	469,774
Interest income subjected to final tax	**(750,096)**	(485,243)	(571,181)
Nondeductible expense	**784,331**	65,620	–
Others	**(302)**	(1,158)	(941)
Provision for income tax	**₱35,343,773**	₱34,833,151	₱22,929,865

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

	2013	2012
Deferred income tax assets on:		
Accrued retirement benefit	**₱10,057,267**	₱10,555,697
Unamortized excess of contribution over the normal cost	**5,859,861**	5,494,608
Allowance for doubtful accounts	**1,263,593**	297,427
Unrealized foreign currency exchange loss	**98,058**	–
	17,278,779	16,347,732
Deferred income tax liabilities on:		
Revaluation increment on land	**142,731,864**	138,070,864
Undepreciated cost of property and equipment	**105,890,967**	102,916,197
Unrealized foreign currency exchange gain	–	29,591
	248,622,831	241,016,652
Net deferred income tax liabilities	**₱231,344,052**	₱224,668,920

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

The Hospital did not recognize deferred tax assets on temporary differences related to allowance for impairment losses and NOLCO amounting to ₱16.54 million in 2013 and deferred tax assets on temporary differences related to NOLCO amounting to ₱13.88 million in 2012.

The deferred tax liability includes the tax effect of the revaluation increment on land amounting to ₱4.66 million as of March 31, 2013 charged directly to other comprehensive income.

18. Operating Lease

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:

	2013	2012	2011
Within one year	**₱24,000,000**	₱24,000,000	₱24,000,000
After one year but not more than five years	**96,000,000**	96,000,000	96,000,000
More than five years	**282,000,000**	306,000,000	330,000,000
	₱402,000,000	₱426,000,000	₱450,000,000

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

	2013	2012	2011
Minimum lease payments	**₱24,000,000**	₱24,000,000	₱24,000,000
Contingent rents	–	–	3,758,811
	₱24,000,000	₱24,000,000	₱27,758,811

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 ₱8.99 million, ₱10.42 million and ₱6.98 million in 2013, 2012 and 2011, respectively (see Note 14).

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

	2013	2012
Within one year	**₱7,577,958**	₱8,866,368
After one year but not more than five years	**1,407,215**	1,741,440
	₱8,985,173	₱10,607,808

19. Segment Reporting

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

	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**	**436,480,933**	**792,097,462**
Capital expenditures	**40,121,914**	**7,951,151**	**4,914,628**	**11,602,574**	**–**	**–**	**64,590,267**
Segment revenues	**1,040,522,602**	**166,316,402**	**128,483,692**	**145,647,401**	**355,194**	**–**	**1,481,325,291**
Expenses	**768,848,493**	**142,249,321**	**122,578,631**	**107,218,544**	**9,941,205**	**–**	**1,150,836,194**
Depreciation expense	**48,692,239**	**8,176,870**	**7,138,838**	**13,750,026**	**2,265,415**	**–**	**80,023,388**
Net income (loss)	**292,109,215**	**26,122,685**	**(10,120,327)**	**30,878,617**	**(8,501,093)**	**(35,343,773)**	**295,145,324**

	2012						
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	Adjustments	Total
Segment assets	₱1,718,295,347	₱751,948,407	₱67,588,007	₱559,763,614	₱47,463,055	₱600,717	₱3,145,659,147
Segment liabilities	164,481,848	8,182,485	7,878,936	165,446,106	80,646	426,646,363	772,716,384
Capital expenditures	39,325,940	5,510,347	6,512,125	4,459,475	–	–	55,807,887
Segment revenues	1,001,318,004	159,811,666	126,867,776	149,334,666	377,636	–	1,437,709,748
Expenses	735,244,916	126,556,452	137,357,195	101,043,846	5,565,236	–	1,105,767,645
Depreciation expense	59,213,928	8,053,649	5,407,495	11,964,555	2,385,484	–	87,025,111
Net income (loss)	266,073,088	33,255,214	(10,489,418)	48,290,819	(5,187,600)	(34,833,151)	297,108,952

	2011						
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	Adjustments	Total
Segment assets	₱1,792,783,064	₱749,978,782	₱75,970,113	₱550,411,657	₱52,648,890	₱583,568	₱3,222,376,074
Segment liabilities	152,987,340	11,336,990	9,497,400	191,965,626	68,649	408,289,008	774,145,013
Capital expenditures	53,529,906	3,735,305	15,778,919	9,794,585	–	–	82,838,715
Segment revenues	975,678,324	141,155,067	135,928,867	121,191,441	133,394	–	1,374,087,093
Expenses	771,241,429	137,983,942	130,290,649	107,647,704	4,831,128	–	1,151,994,852
Depreciation expense	51,748,631	10,039,926	4,815,933	21,482,190	2,401,132	–	90,487,812
Net income (loss)	204,436,895	3,171,125	5,638,218	13,543,737	(4,697,734)	(22,929,865)	199,162,376

The Hospital has not yet started its operations as of March 31, 2013.

In 2013, 2012 and 2011, there were no inter-segment revenues and all revenues are made to external customers.

Segment assets for each segment do not include AFS financial assets amounting to ₱0.62 million, ₱0.60 million and ₱0.58 million as of March 31, 2013, 2012 and 2011, respectively.

Segment liabilities for each segment do not include the following:

	2013	2012	2011
Deferred income tax liabilities - net	**₱231,344,052**	₱224,668,920	₱222,994,425
Retirement liability	**100,572,670**	105,556,970	108,532,370
Dividends payable	**89,467,449**	81,757,198	68,628,460
Income tax payable	**15,096,762**	14,663,275	8,133,753
	₱436,480,933	₱426,646,363	₱408,289,008

Net income (loss) for each segment does not include provision for income tax amounting to ₱35.34 million, ₱34.83 million and ₱22.93 million in 2013, 2012 and 2011, respectively.

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:

<u>March 31, 2013</u>

	Entities	Financial Statement Account	Nature	Terms and Conditions	Transactions during the year	Outstanding Balance
Affiliate	PhilTrust Bank	Cash/Interest income	Savings deposit	Interest rate at 0.5%	**₱89,223**	**₱66,514,610**
		Short term deposits/Interest income	Money market placements	Terms are at 6 to 53 days while interest rates range from 2.08 to 3.20%	**5,846,190**	**107,609,560**
		Accrued interest receivable	Related to savings deposit and money market placements		**–**	**329,864**
		Rent expense/ Accrued expenses	Rent of Building in Makati	25 years rent agreement; monthly fixed amount of rent at ₱2.00 million plus 40% of annual income of Makati campus	**24,000,000**	**24,000,000**
	Manila Hotel	Culminating fees	Rental of room and facilities for Commencement exercises		**515,893**	**–**
	Manila Bulletin Publishing Corporation	Recruitment and placement	Advertising services	Terms vary as to type and frequency of advertisements	**1,018,151**	**–**

March 31, 2012

	Entities	Financial Statement Account	Nature	Terms and Conditions	Transactions during the year	Outstanding Balance
Affiliate	PhilTrust Bank	Cash/Interest income	Savings deposit	Interest rate at 0.5%	₱236,344	₱40,209,206
		Short term deposit/Interest income	Money market placements	Terms are at 32 to 58 days with interest rate of 3.60%	3,722,749	91,403,589
		Accrued interest receivable	Related to savings deposit and money market placements		–	165,323
		Rent expense/ Accrued expenses	Rent of Building in Makati	25 years rent agreement; monthly fixed amount of rent at ₱2.00 million plus 40% of annual income of Makati campus	24,000,000	24,000,000
	Manila Hotel	Culminating fees	Rental of room and facilities for Commencement exercises		477,679	–
	Manila Bulletin Publishing Corporation	Recruitment and placement	Advertising services	Terms vary as to type and frequency of advertisements	909,240	–

In 2013, the University purchased laboratory equipment from the Hospital with a face value of ₱6.48 million. The purchase was recorded in the University's books as payable to the Hospital which was eliminated during consolidation.

In 2012, the Group delegated the University to be in charge on the safekeeping of ₱250.00 thousand proceeds from the sale of laboratory equipment of the Hospital to a third party.

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 follows:

	2013	2012
Cash	**₱28,304,011**	₱6,093,540
Investments in debt and equity securities	**237,139,845**	222,664,303
Others	**1,126,246**	1,124,915
Liabilities	**(335,902)**	(298,642)
	₱266,234,200	₱229,584,116

The asset and investment of the fund consists mainly of cash and cash equivalents, government securities, bonds and debt securities.

As of March 31, 2013 and 2012, the retirement fund has 8,072,299 shares or 2.17% interest in the University amounting to ₱85.40 million and ₱79.92 million, respectively. The total unrealized gains recognized from these investments amounted to ₱12.47 million and ₱6.11 million in 2013 and 2012, respectively. No limitations and restrictions are provided and voting rights over these shares are exercised by a trust officer or any of its designated alternate officers of the fund.

There are no other transactions by the University or its related parties with the retirement fund as of March 31, 2013 and 2012.

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:

	2013	2012
Short-term employee salaries and benefits	**₱10,986,970**	₱10,877,975
Post-employment benefits	**11,880,354**	10,471,195
	₱22,867,324	₱21,349,170

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 Statements of Cash Flows

Noncash investing activities pertain to the following:

a. Revaluation increment on the land in 2013. The University engaged the service of an independent appraiser and obtained valuation for its Land at Legaspi-Makati in 2013. The appraisal resulted in the recognition of increase in revaluation increment on land of ₱46.61 million, gross of deferred income tax of ₱4.66 million.

b. In 2013, the University retired its fixed assets consisting of furniture and fixtures and transportation equipment with cost amounting to ₱1.31 million and accumulated depreciation of ₱1.06 million.

22. Basic/Diluted EPS

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

	2013	2012	2011
Net income (a)	**₱295,145,324**	₱297,108,952	₱199,162,376
Weighted average number of outstanding common shares (b)	**372,414,400**	372,414,400	372,414,400
Basic/diluted earnings per share (a/b)	**₱0.79**	₱0.80	₱0.53

There were no potential dilutive financial instruments in 2013, 2012 and 2011.

23. **Financial Assets and Liabilities**

The carrying values and estimated fair values of Long-term liability (including current portion) are as follows:

	2013	2012
Carrying value	**₱136,741,749**	₱163,717,899
Fair value	**154,351,801**	195,694,671

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, tuition and other receivables, accounts payable and accrued expenses and dividends payable* - due to the short-term nature of these accounts, the fair values approximate the carrying amounts.
- *AFS financial assets* – the carrying amount which represents the fair values of AFS financial assets are based on quoted prices.
- *Long-term liability* - fair value is estimated using the discounted cash flow methodology using the prevailing risk free rates plus applicable spread.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The only financial instruments that are being carried at fair value are AFS financial assets, which fall under level 1 in the fair value hierarchy.
In 2013 and 2012, there have been no transfers between level 1 and level 2 fair value movements, 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, tuition fee and other receivables, AFS financial assets, accounts payable and accrued expenses 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, accounts payable and accrued expenses and dividends payable that arise directly from operations.

The main risk arising from the Group's financial instruments are credit risk and liquidity 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 of March 31, 2013 and 2012, the analysis of financial assets follows:

	2013			
	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Total**
Loans and receivables:				
Cash and cash equivalents	**₱257,622,674**	**₱–**	**₱–**	**₱257,622,674**
Tuition fee and other receivables:				
Tuition fee receivable	**–**	**13,326,175**	**12,656,625**	**25,982,800**
Accrued interest receivable	**423,502**	**–**	**–**	**423,502**
Others:				
Advances to employees	**8,253,384**	**–**	**–**	**8,253,384**
Accrued rent receivables	**3,535,983**	**–**	**–**	**3,535,983**
AFS financial assets	**621,453**	**–**	**–**	**621,453**
	₱270,456,996	**₱13,326,175**	**₱12,656,625**	**₱296,439,796**

	2012			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and receivables:				
Cash and cash equivalents	₱209,260,546	₱–	₱–	₱209,260,546
Tuition fee and other receivables:				
Tuition fee receivable	–	14,376,841	2,974,277	17,351,118
Accrued interest receivable	173,533	–	–	173,533
Others:				
Advances to employees	7,280,293	–	–	7,280,293
Accrued rent receivables	1,697,934	–	–	1,697,934
AFS financial assets	600,717	–	–	600,717
	₱219,013,023	₱14,376,841	₱2,974,277	₱236,364,141

The Group's neither past due nor impaired receivables are high grade receivables which, based from experience, are highly collectible and exposure to bad debt is not significant.
As of March 31, 2013 and 2012, the age of all of the Group's past due but not impaired tuition fee receivables is over 60 days.

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and 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.

The maturity profile of the Group's financial liabilities as of March 31, 2013 and 2012 based on contractual undiscounted payments follows:

	2013				
	On demand	**Less than 3 months**	**3 to 6 months**	**Over 1 year**	**Total**
Financial Assets					
Cash and cash equivalents	**₱119,471,225**	**₱139,444,747**	**₱–**	**₱–**	**₱258,915,972**
Tuition fee and other receivables:					
Tuition fee receivable	**25,982,800**	–	–	–	**25,982,800**
Accrued interest receivable	**423,502**	–	–	–	**423,502**
Others:					
Advances to employees	**8,253,384**	–	–	–	**8,253,384**
Accrued rent receivables	**3,535,983**	–	–	–	**3,535,983**
AFS financial assets	–	–	–	**621,453**	**621,453**
	157,666,894	**139,444,747**	–	**621,453**	**297,733,094**
Financial Liabilities					
Accounts payable and accrued expenses:					
Accounts payable	**143,378,372**	–	–	–	**143,378,372**
Accrued expenses	–	**66,863,961**	–	–	**66,863,961**
X-ray fees payable	**5,601,723**	–	–	–	**5,601,723**
Alumni fees payable	**1,437,854**	–	–	–	**1,437,854**
Deposits	–	–	**1,592,870**	–	**1,592,870**
Dividends payable	**89,467,449**	–	–	–	**89,467,449**
Long-term liability (including current portion)	–	–	**40,000,000**	**120,000,000**	**160,000,000**
	239,885,398	**66,863,961**	**41,592,870**	**120,000,000**	**468,342,229**
	(₱82,218,504)	**₱72,580,786**	**(₱41,592,870)**	**(₱119,378,547)**	**(₱170,609,135)**

	2012				
	On demand	Less than 3 months	3 to 6 months	Over 1 year	Total
Financial Assets					
Cash and cash equivalents	₱78,274,124	₱132,086,552	₱–	₱–	₱210,360,676
Tuition fee and other receivables:					
Tuition fee receivable	17,351,118	–	–	–	17,351,118
Accrued interest receivable	173,533	–	–	–	173,533
Others:					
Advances to employees	–	7,280,293	–	–	7,280,293
Accrued rent receivables	–	1,697,934	–	–	1,697,934
AFS financial assets	–	–	–	600,717	600,717
	95,798,775	141,064,779	–	600,717	237,464,271
Financial Liabilities					
Accounts payable and accrued expenses:					
Accounts payable	136,777,625	–	–	–	136,777,625
Accrued expenses	–	35,086,677	–	–	35,086,677
X-ray payables	5,877,333	–	–	–	5,877,333
Alumni fees payable	3,379,835	–	–	–	3,379,835
Deposits	–	–	1,230,652	–	1,230,652
Dividends payable	81,757,198	–	–	–	81,757,198
Long-term liability (including current portion)	–	–	40,000,000	160,000,000	200,000,000
	227,791,991	35,086,677	41,230,652	160,000,000	464,109,320
	(₱131,993,216)	₱105,978,102	(₱41,230,652)	(₱159,399,283)	(₱226,645,049)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest risk. As of March 31, 2013 and 2012, the Group has no exposure to the risk of changes in market interest rates. The Group paid in advance the interest on its long-term liability.

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, 2013, 2012 and 2011.

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 of March 31, 2013 and 2012:

	2013	2012
Accounts payable and accrued expenses (a)	**₱218,874,780**	₱182,352,122
Long-term liability (including current portion) (b)	**136,741,749**	163,717,899
Liabilities (c)	**355,616,529**	346,070,021
Total Equity (d)	**₱2,430,747,023**	₱2,372,942,763
Debt-to-Equity ratio (c/d)	**0.15:1**	0.15:1

25. **Subsequent Event**

On May 31, 2013, the BOD approved the filing of Articles of Incorporation and By-Laws of Centro Escolar Integrated School, Inc. (CE-IS) with the SEC. CE-IS will be a wholly owned subsidiary of the University and will offer pre-school, primary and secondary education.

CENTRO ESCOLAR UNIVERSITY

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

CENTRO ESCOLAR UNIVERSITY
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
MARCH 31, 2013

Unappropriated Retained Earnings, *beginning*	₱321,783,904
Adjustments in previous year's reconciliation*	–
Unappropriated Retained Earnings, beginning, as adjusted	321,783,904
Add (deduct): Net income actually earned/realized during the year	304,730,784
Adjustments for non-actual/unrealized income and non-actual losses, net of tax*	–
Unappropriated Retained Earnings, *as adjusted before dividend declaration*	626,514,688
Deduct: Dividends declared during the fiscal year	(279,310,800)
Unappropriated retained earnings, *as adjusted to available for dividend declaration, end of year*	₱347,203,888

**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 AND A SUBSIDIARY
SUPPLE MENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS (PART 1,4J)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X		
PFRSs Practice Statement Management Commentary		X		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	X		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			X
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans			X
PFRS 2	Share-based Payment			X
	Amendments to PFRS 2: Vesting Conditions and Cancellations			X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			X
PFRS 3 (Revised)	Business Combinations			X
PFRS 4	Insurance Contracts			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			X
PFRS 6	Exploration for and Evaluation of Mineral Resources			X

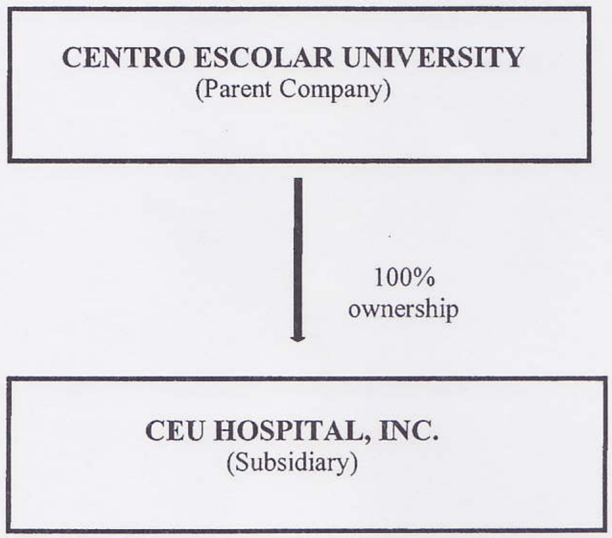
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Early Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			X
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			X
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities		X	
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		X	
PFRS 8	Operating Segments	X		
PFRS 9*	Financial Instruments		X	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		X	
PFRS 10*	Consolidated Financial Statements		X	
PFRS 11*	Joint Arrangements		X	
PFRS 12*	Disclosure of Interests in Other Entities		X	
PFRS 13*	Fair Value Measurement		X	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income		X	
PAS 2	Inventories	X		
PAS 7	Statement of Cash Flows	X		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X		
PAS 10	Events after the Reporting Period	X		
PAS 11	Construction Contracts			X
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2012**		**Adopted**	**Not Early Adopted**	**Not Applicable**
PAS 16	Property, Plant and Equipment	X		
PAS 17	Leases	X		
PAS 18	Revenue	X		
PAS 19	Employee Benefits	X		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			X
PAS 19 (Amended)*	Employee Benefits		X	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			X
PAS 21	The Effects of Changes in Foreign Exchange Rates	X		
	Amendment: Net Investment in a Foreign Operation			X
PAS 23 (Revised)	Borrowing Costs	X		
PAS 24 (Revised)	Related Party Disclosures	X		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			X
PAS 27	Consolidated and Separate Financial Statements	X		
PAS 27 (Amended)*	Separate Financial Statements		X	
PAS 28	Investments in Associates			X
PAS 28 (Amended)*	Investments in Associates and Joint Ventures		X	
PAS 29	Financial Reporting in Hyperinflationary Economies			X
PAS 31	Interests in Joint Ventures			X
PAS 32	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendment to PAS 32: Classification of Rights Issues			X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		X	
PAS 33	Earnings per Share	X		
PAS 34	Interim Financial Reporting	X		
PAS 36	Impairment of Assets	X		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X		
PAS 38	Intangible Assets	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Early Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			X
	Amendments to PAS 39: The Fair Value Option			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			X
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			X
	Amendment to PAS 39: Eligible Hedged Items			X
PAS 40	Investment Property			X
PAS 41	Agriculture			X
Philippine Interpretations				X
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			X
IFRIC 4	Determining Whether an Arrangement Contains a Lease			X
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			X
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			X
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			X
IFRIC 8	Scope of PFRS 2			X
IFRIC 9	Reassessment of Embedded Derivatives			X
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			X
IFRIC 10	Interim Financial Reporting and Impairment	X		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			X
IFRIC 12	Service Concession Arrangements			X
IFRIC 13	Customer Loyalty Programmes			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Early Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			X
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			X
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			X
IFRIC 17	Distributions of Non-cash Assets to Owners			X
IFRIC 18	Transfers of Assets from Customers			X
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			X
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			X
SIC-7	Introduction of the Euro			X
SIC-10	Government Assistance - No Specific Relation to Operating Activities			X
SIC-12	Consolidation - Special Purpose Entities			X
	Amendment to SIC - 12: Scope of SIC 12			X
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			X
SIC-15	Operating Leases - Incentives			X
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			X
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			X
SIC-29	Service Concession Arrangements: Disclosures.			X
SIC-31	Revenue - Barter Transactions Involving Advertising Services			X
SIC-32	Intangible Assets - Web Site Costs			X

CENTRO ESCOLAR UNIVERSITY AND A SUBSIDIARY
THE MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS SUBSIDIARY
March 31, 2013



CENTRO ESCOLAR UNIVERSITY

LIST OF FINANCIAL RATIOS

March 31, 2013

		2013	2012
Current ratio	Current assets / Current liabilities	**0.82:1**	0.77:1
Debt to equity ratio	Accounts payable and accrued expenses + interest bearing loans / Total equity (capital)	**0.15:1**	0.15:1
Interest rate coverage ratio	Net income before income tax / Interest expense	**25.38:1**	21.54:1
Revenue growth	(CY tuition +other school fees) – (PY tuition + other school fees) / PY tuition + other school fees	**3.05%**	4.72%
Return on Revenue	Net income / Tuition +other school fees	**20.38%**	21.14%
Return on equity	Net income / Average stockholder's equity	**12.29%**	12.33%
Return on assets	Net Income / Average total assets	**9.27%**	9.33%