

**CATHOLIC EDUCATIONAL
ASSOCIATION OF THE
PHILIPPINES RETIREMENT PLAN**

**Financial Statements
April 30, 2009 and 2008
and
Independent Auditors' Report**

JBD Plaza, Mindanao Avenue, Quezon City, Philippines

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
CATHOLIC EDUCATIONAL ASSOCIATION OF THE PHILIPPINES
RETIREMENT PLAN

We have audited the accompanying financial statements of Catholic Educational Association of the Philippines Retirement Plan which comprise the statements of net assets available for plan benefits as of April 30, 2009 and 2008, and the related statements of changes in net assets available for plan benefits for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the net assets available for plan benefits of Catholic Educational Association of the Philippines Retirement Plan as of April 30, 2009 and 2008, and the statements of changes in net assets available for plan benefits for the years then ended in accordance with Philippine Financial Reporting Standards.

Marabot Delgado Angen & Co.

PTR No. 1569495

January 6, 2009

Makati City

Makati City, Philippines

August 3, 2009

**CATHOLIC EDUCATIONAL ASSOCIATION OF THE PHILIPPINES
RETIREMENT PLAN**

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

		April 30	
	Notes	2009	2008 (As Restated)
ASSETS			
Cash	9	P 1,382,680	P 1,215,723
Investments in trust funds	8	2,979,745,743	2,769,747,181
Receivables and other current assets	10	130,024	144,567
Prepayments and other current assets		45,895	50,397
Property and equipment - net	11	112,166	65,401
		2,981,416,508	2,771,223,269
LIABILITIES			
Benefits payable	12	32,780,666	59,916,902
Other benefits payable	13	450,000	1,200,000
Accumulated forfeitures	14	41,902,167	33,049,904
Due to participating employers	15	7,654,869	7,015,963
Deferred contributions	16	457,701	457,701
Other payables	17	333,145	537,101
		83,578,548	102,177,571
RESERVE			
Reserve for net unrealized depreciation of the market value of plan assets	8, 18	(23,656,152)	(15,914,628)
NET ASSETS AVAILABLE FOR PLAN BENEFITS		P2,921,494,112	P2,684,960,326

See Notes to Financial Statements.

**CATHOLIC EDUCATIONAL ASSOCIATION OF THE PHILIPPINES
RETIREMENT PLAN**

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

		For the Years Ended April 30	
	Notes	2009	2008 (As Restated)
Investment Income			
Interest	8, 9	P 161,332,239	P 209,785,148
Discount amortization	8	14,109,602	7,434,659
Dividends	8	15,553,131	5,700,682
Gain on sale of investments	8	3,108,665	36,127,847
Net recovery on losses in loans		842,010	-
Realized gain on fixed income - available-for-sale investment	8	-	59,271,883
Others	19	440,122	2,077,945
		195,385,769	320,398,164
Plan Contributions			
Employers' contributions	8	231,759,698	214,208,189
Employees' contributions	8	43,254,267	48,730,985
		275,013,965	262,939,174
Total Additions		470,399,734	583,337,338
Plan Benefit Payments	12, 13	154,958,388	165,248,655
Investment Expenses	8, 20, 27	66,536,467	76,465,933
Finance Costs	8	5,615,274	12,194,691
Forfeiture Expenses	8, 21	2,095,978	3,203,966
General and Administrative Expenses	22	4,659,841	4,803,235
Total Deductions		233,865,948	261,916,480
Net Increase in Net Assets Value		236,533,786	321,420,858
Net Assets Available for Plan Benefits, Beginning as previously reported		2,684,960,326	2,365,887,818
Prior period adjustment	27	-	(2,348,350)
Net Assets Available for Plan Benefits, Beginning as restated		2,684,960,326	2,363,539,468
Net Assets Available for Plan Benefits, End		P2,921,494,112	P2,684,960,326

See Notes to Financial Statements.

CATHOLIC EDUCATIONAL ASSOCIATION OF THE PHILIPPINES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

1. DESCRIPTION

The following description of the Catholic Educational Association of the Philippines (CEAP) Retirement Plan (the Plan) provides general information only. Participants should refer to the Retirement Plan for more complete information.

Organization

Catholic Educational Association of the Philippines (CEAP), a non-stock, non-profit organization founded in 1941, is the national association of Catholic educational institutions in the Philippines. It has 1,250 members which include 42 universities, 120 graduate schools, 2,075 colleges, 1,119 highschools, 718 elementary and 740 pre-elementary school teachers/employees.

CEAP has four commissions, as follows: (1) Superintendents Commissions; (2) Commission on Religious Education; (3) Advocacy Commission; and (4) Retirement Commission. On July 1, 1968, the CEAP Retirement Plan was established, which is being administered by the Retirement Commission composed of not less than 12 persons appointed by the CEAP National Board.

Its primary purpose is to provide retirement and other benefits to the qualified employees of (a) the CEAP member schools and CEAP Secretariat and Retirement office, and (b) other Catholic institutions which are subsequently accepted by the Retirement Commission (collectively known as the Participating Employers). Although CEAP intends to continue the fund indefinitely, the Plan may be terminated at any time by a resolution approved by at least two-thirds (2/3) of the members of the Retirement Commission (Administrator) and confirmed by the majority of the Participating Employers.

The Plan was approved by the Bureau of Internal Revenue (BIR) as a qualified Plan under Republic Act No. 4917 on April 11, 1969 entitling the Plan to certain tax exemptions under Revenue Regulations No. 1-68 and Section 32(B)(6)(a) of the Tax Code of 1997.

The principal office is located at JBD Plaza, Mindanao Avenue, Quezon City.

Contributions and Participant's Accounts

The Plan is provident and non-contributory, but employees under certain conditions are allowed to make their own personal contributions towards their retirement. The Participating Employers' accumulated contributions and their earnings standing to the credit of the employee are used to satisfy the Participating Employers' obligations to pay retirement, death and separation benefits.

Payment of Benefits

The benefits payable for normal and early retirement benefits, separation prior to retirement and death benefits are computed based on the total amount standing to the credit of the employees in the books of the trust fund consisting of their contributions, if any, and the contributions of their Participating Employer plus the income credited to them determined as of the last valuation date.

2. ADOPTION OF NEW STANDARDS

New Accounting Standards Effective Subsequent to the Accounting Period Ended April 30, 2009

The Plan will adopt the following Philippine Financial Reporting Standards (PFRS) effective May 1, 2009:

- a. PAS 1 (Revised 2009) - Presentation of Financial Statements
- b. Improvements to PFRS

PAS 1 (Revised 2009), "Presentation of Financial Statements" is intended to improve user's ability to analyze and compare the information given in financial statements.

"Improvements to PFRS," comprises the results of amendments and conclusions the Financial Reporting Standards Council (FRSC) has reached on proposals made in its annual improvements project. The FRSC decided to initiate an annual improvements project in 2007 as a method of making necessary, but non-urgent, amendments to PFRS that will not be included as part of another major project. The FRSC's objective was to ease the burden for all concerned by presenting the amendments in a single document rather than as a series of piecemeal changes. The amendments in the "Improvements to PFRS" are presented in two parts: those that involve accounting changes for presentation, recognition or measurement purposes and those involving terminology or editorial changes with minimal effect on accounting.

The adoption of these revisions and improvements to existing standards will result principally in changes in the presentation of financial statements and additional disclosures in the notes to the financial statements.

3. FINANCIAL REPORTING FRAMEWORK

Statement of Compliance

The financial statements of the Plan have been prepared in accordance with PFRS. PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the FRSC and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments and investments in trust funds that are carried either at fair value or at amortized cost.

These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Plan operates.

4. SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Financial assets are recognized in the Plan's financial statements when the Plan becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Plan's financial assets, which do not include investments classified as at fair value through profit or loss.

The Plan derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Plan neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Plan recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Plan retains substantially all the risks and rewards of ownership of a transferred financial asset, the Plan continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Short-term receivables are measured at net realizable values and any allowance for impairment on non-collectability shall be deducted from the initial amount recognized.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost have 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 directly. The amount of the loss shall be recognized in the statements of changes in net assets available for plan benefits.

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 shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in the statements of changes in net assets available for plan benefits.

Investments in Trust Fund

Investments in debt securities such as government securities, bonds, loans and discounts, and other debt instruments are those securities that have a fixed redemption value and that have been acquired to match the obligations of the plan, or specific parts thereof and are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. These are recognized on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the Plan has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortized cost, less any impairment loss recognized to reflect the irrecoverable amounts. The annual amortization of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognized in each period represents a constant yield on the investment.

Investment classified as available-for-sale are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are presented in the statements of net assets available for plan benefits.

Investments in common trust funds and shares of stock are stated at market value as of the end of the fiscal year. The resulting excess (deficiency) of market value over carrying value of the securities at the end of the fiscal year is closed to "Trust Fund Income".

Investments in real estate are carried at appraised values.

Property and Equipment

Property and equipment are initially measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Plan. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line method on all classes of property and equipment based on their estimated useful life of three (3) years.

Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statements of changes in net assets available for plan benefits.

Impairment of Tangible Assets

At each balance sheet date, the Plan assesses whether there is any indication that any of its tangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Plan estimates the recoverable amount of the cash-generating unit to which the asset belongs. A reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

Financial Liabilities

Financial liabilities are recognized in the Plan's financial statements when the Plan becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Plan's financial liabilities which do not include any debt instruments classified as at fair value through profit or loss.

Since the Plan does not have financial liabilities classified as at fair value through profit or loss, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or when appropriate, a shorter period.

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired.

The Plan's financial liabilities include benefits payable, other benefits payable, accumulated forfeitures, due to participating employers, deferred contributions and other payables.

Employee Benefits

Post-employment benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Plan's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan. The Plan is employing not more than 10 employees hence exempted from the coverage of the provisions of Republic Act (RA) No. 7641, Retirement Pay Law.

Short-term benefits

The Plan recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Plan to its employees include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses, non-monetary benefits, and other benefits.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Plan and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Revenue recognition for rental income is disclosed in the Company's policy for leases.

Expense Recognition

Expenses are recognized in the statements of operations 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 statements of changes in net assets available for plan benefits: 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 with income 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 statements of net assets available for plan benefits as an asset.

Expenses in the statements of changes in net assets available for plan benefits are presented using the nature of expense method. Deductions are costs attributable to plan benefit payments, investment expenses, forfeiture expenses, general and administrative activities of the Company.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Plan as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Plan's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Plan's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Plan as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currency Transactions and Translation

Transactions in currencies other than Philippine Peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation are included in net income or loss for the period.

Related Parties

Parties are considered related if one party has control, joint control or significant influence over the other party in making financial and operating decisions. The key management personnel of the Plan are also considered to be related parties.

Subsequent Events

The Plan identifies subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent event that provides additional information about the Plan's financial position at the balance sheet date is reflected in the financial statements. Non-adjusting subsequent events are disclosed in the notes to the financial statements when material.

Contingent Assets

Contingent assets are disclosed only when an inflow of economic benefits are probable.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Plan's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

Financial assets

The Plan carries some of its financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Plan utilized different valuation methodology. Any changes in fair value of these financial assets would affect directly the profit or loss and reserve.

Estimating useful lives of property and equipment

The useful lives of property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Plan's assets. In addition, the estimation of the useful lives is based on the Plan's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets.

Asset impairment

The Plan performs an impairment review when certain impairment indicators are present.

Determining the fair value of investments, property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Plan to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Plan to conclude that investments, property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Plan believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

Investment properties

The Plan has adopted the fair value approach in determining the carrying value of its investment properties. While the Plan has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Plan made different judgments and estimates or utilized different basis for determining fair value.

Revenue recognition

The Plan's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result in material adjustments in future periods.

6. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Plan's activities expose it to a variety of financial risks. The risks include market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Plan's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Plan. The policies for managing specific risks are summarized below:

Foreign exchange risk

The Plan is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Plan's functional currency. Significant fluctuation in the exchange rates could significantly affect the Plan's financial position.

The Plan's foreign currency denominated monetary asset composed of investments in trust funds with a carrying amount of P6,887 and P 5,208 as of April 30, 2009 and 2008, respectively.

The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 10% and it represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes all of the Plan's foreign currency denominated assets. The Plan believes that a 10% appreciation/depreciation on the foreign exchange rates would result in a decrease/increase in investment expenses by P689 and P521 as of April 30, 2009 and 2008, respectively. As a result, the Plan's net increase in net assets value will decrease approximately to P236,533,097 and P321,420,337 in 2009 and 2008, respectively, and increase by P236,534,475 and P321,421,379 in 2009 and 2008, respectively.

Interest rate risk

The primary source of the Plan's interest rate risk relates to investments in trust funds, cash and receivables.

The analysis is prepared assuming the amount of investments in trust funds, cash and receivables outstanding at the statements of net assets available for plan benefits date were outstanding for the whole year. A 10% increase or decrease is used for reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates have been 10% higher/lower and all other variables were held constant, the Plan's net increase in net asset value for the year ended April 30, 2009 and 2008 would decrease/ increase by P23.6 million and P32.1 million, respectively.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Plan.

The Plan's credit risk is primarily attributable to its receivables as disclosed in Note 10. The Plan has adopted stringent procedure in monitoring its credit risk.

The Plan has no significant concentration of credit risk to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk

The Plan manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Plan's non-derivative financial liabilities which include benefits payable, other benefits payable, accumulated forfeitures, due to participating employers, deferred contributions and other payables will mature within the period of one (1) to three (3) months.

7. FUND RISK MANAGEMENT

With the prolonged global credit crisis which had affected the fixed income market, the Plan will continue to hold all of the existing investment in medium and long-term and reinvest its maturing short-term funds primarily in special deposit account and government securities which are considered to be risk free investments since these are issued by the government while on the lookout for other investment opportunities.

With regard to equities, the Plan will generally retain defensive bent but geared to capitalize on any market run-up as follows:

1. Re-align portfolios
 - a. liquidate non-core issues on strength
 - b. buy core (blue chips) on weakness (to improve average)
 - c. prefer high dividend issues to shore up base yield
 - d. do quick trades to book capital gains
2. Reinstate/Position in select counters (property, banks and power related issues) on hints of a renewed market uptrend.

As to Philippine foreign currency investments, increase exposure to US Dollars while changing outlook from underweight to neutral. The Plan will also keep short term and gradually re-invest in Republic of the Philippines Bonds when markets start to recover.

8. INVESTMENTS IN TRUST FUNDS

The Plan has trust funds which are being administered by various banks under trust agreements. These trust funds are for the fulfillment of the Plan's obligations under the Retirement Plan. In compliance with the rules and regulations of the Philippine Bureau of Internal Revenue (BIR) and in accordance with the terms of the trust agreements, withdrawals from the trust funds are limited to, among others, payments of retirement plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value of payable to planholders, contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds as discussed in Note 24.

As of April 30, 2009, the investment properties amounting to P54,822,400, were appraised by an independent valuer. The appraised value of the properties amounted to P44,270,000 and P60,000,000 for the Tagaytay and Bacolod City properties, respectively, or a total of P104,270,000. The net unrealized gain is presented under reserve in Note 18.

On April 3, 2006, the Plan leased the property located at Vista Alegre Mansilingan, Bacolod City to a third party for two (2) agricultural years of sugar cane commencing from March 31, 2006 to April 1, 2008, renewable upon mutual consent of both parties.

Contributions to trust funds include the contributions of both employers and employees amounting to P231,759,698 and P43,254,267 in 2009 and P214,208,189 and P48,730,985 in 2008.

The details of the trust funds per bank are as follows:

	Banco de Oro	BPI	Chinatrust	Deutsche	ING	MBTC	RCBC	Total 2009	Total 2008
Assets									
Cash	P 10,746,147	P 398	P 135,271	P 4,969,299	P 35,113,722	P 6,406,975	P 2,003,003	P 59,374,815	P 175,916,612
Investments in:									
Government securities	279,996,382	256,697,435	188,643,335	205,178,264	24,048,258	442,903,651	3,102,897	1,400,570,222	1,256,850,371
Loans and discounts-net	-	76,350,000	-	-	46,691,450	194,899,250	6,645,343	324,586,043	385,609,883
Stocks - net	-	70,211,981	-	32,398,652	-	114,186,636	2,195,213	218,992,482	308,690,151
Other debt instruments	-	-	50,000,000	-	-	-	-	50,000,000	160,076,314
Common trust fund	49,448,107	37,926,538	-	-	117,066,970	90,715,594	-	295,157,209	152,229,710
Bonds	33,572,917	60,000,000	12,000,000	13,204,049	23,227,139	81,287,917	-	223,292,022	107,289,969
Investment property	104,270,000	-	-	-	-	-	-	104,270,000	104,270,000
Time certificate of deposit	-	-	49,717,350	-	-	21,254,000	3,945,000	74,916,350	51,498,000
Preferred shares	35,750,000	-	-	-	8,280,267	7,800,000	-	51,830,267	15,524,863
Commercial papers	-	-	-	1,522,280	-	-	-	1,522,280	3,061,030
Corporate Notes	-	-	43,185,903	70,240,835	-	-	-	113,426,738	-
Interest receivable	3,259,882	5,633,904	41,530,325	5,506,441	1,349,894	8,768,989	347,170	66,396,605	49,896,161
Miscellaneous receivable	-	727,011	-	-	3,341	-	-	730,352	580,694
Dividend receivable	788,290	-	-	104,933	141,856	111,121	-	1,146,200	299,301
Prepaid expense	-	-	-	-	-	-	-	-	1,146,067
	P517,831,725	P507,547,267	P385,212,184	P333,124,753	P255,922,897	P968,334,133	P18,238,626	P2,986,211,585	P2,772,939,126
Liabilities									
Trust fee payables	P 79,695	P 163,900	P 260,010	P 149,141	P 78,284	P 357,782	P 66,891	P 1,155,703	P 958,806
Accrued withholding tax	-	-	-	88,361	-	-	-	88,361	160,608
Other payables	-	5,014,104	-	111,610	-	-	96,064	5,221,778	2,072,531
	79,695	5,178,004	260,010	349,112	78,284	357,782	162,955	6,465,842	3,191,945
Equity									
Fund balance, beginning	485,521,715	487,611,119	359,759,544	320,381,701	252,283,272	847,156,606	17,033,224	2,769,747,181	2,747,532,909
Accumulated trust fund income	32,230,315	14,758,144	25,192,630	12,393,940	3,561,341	120,819,745	1,042,447	209,998,562	22,214,272
	517,752,030	502,369,263	384,952,174	332,775,641	255,844,613	967,976,351	18,075,671	2,979,745,743	2,769,747,181
	P517,831,725	P507,547,267	P385,212,184	P333,124,753	P255,922,897	P968,334,133	P18,238,626	P2,986,211,585	P2,772,939,126

The following presents the breakdown of "Investments in Trust Funds" account by contractual maturity dates at April 30, 2009 and 2008:

	2009	2008
Short-term (due within one year)	P 483,759,429	P 846,234,552
Long-term (due beyond one year)	2,495,986,314	1,923,512,629
	P2,979,745,743	P2,769,747,181

The following investment in securities exceeded 5% of the net assets available for plan benefits:

	2009	2008
Government securities	P1,353,462,397	P1,256,850,371
Loans and discounts - net	356,984,695	385,609,883
Stocks - net	186,593,830	308,690,151
Other debt instruments	214,515,056	160,076,314
Common trust fund	295,157,209	152,229,710
	P2,406,713,187	P2,263,456,429

The average rate of return on these investments is 3.85% in 2009 and 1.34% in 2008.

The carrying amount of the Plan's investments in trust funds approximates fair value.

9. CASH

	2009	2008
Cash on hand	P 2,000	P 2,000
Cash in banks	1,380,680	1,213,723
	P1,382,680	P1,215,723

Average annual interest in cash in bank is 1% in 2009 and 2008.

10. RECEIVABLES AND OTHER CURRENT ASSETS

	2009	2008 (As Restated)
Due from CEAP secretariat	P 4,137	P -
Others	125,887	144,567
	P130,024	P144,567

Others include receivables from Social Security Services (SSS), banks and advances.

The Plan's receivables balance are debtors' balances with a total carrying amount of P130,024 as of April 30, 2009, which are past due for which the Plan has not provided an allowance. There has not been a significant change in credit quality and the amounts are still considered recoverable. The Plan does not hold any collateral over these balances. These receivables are over 120 days outstanding as of April 30, 2009.

The carrying amount of the Plan's receivables and other current assets approximates fair value.

11. **PROPERTY AND EQUIPMENT - net**

	Note	Office Equipment	Furniture and Fixtures	Transportation Equipment	Total
Cost					
Balance, May 1, 2007		P578,647	P223,481	P200,000	P1,002,128
Additions		4,700	-	-	4,700
Disposal		(63,214)	-	-	(63,214)
Adjustment		-	(17,350)	-	(17,350)
Balance, April 30, 2008		520,133	206,131	200,000	926,264
Additions		123,698	-	-	123,698
Disposal		(48,781)	-	-	(48,781)
Adjustment		-	(576)	-	(576)
Balance, April 30, 2009		595,050	205,555	200,000	1,000,605
Accumulated Depreciation					
Balance, May 1, 2007		495,687	160,850	105,556	762,093
Provision		57,059	55,608	66,667	179,334
Disposal		(63,214)	-	-	(63,214)
Adjustment	23	-	(17,350)	-	(17,350)
Balance, April 30, 2008		489,532	199,108	172,223	860,863
Provision	23	42,133	7,023	27,777	76,933
Disposal		(48,781)	-	-	(48,781)
Adjustment		-	(576)	-	(576)
Balance, April 30, 2009		482,884	205,555	200,000	888,439
Carrying Amount					
April 30, 2009		P112,166	P -	P -	P 112,166
Carrying Amount					
April 30, 2008		P 30,601	P 7,023	P 27,777	P 65,401

Disposals of P48,781 and P63,214 in 2009 and 2008, respectively, and adjustment of P576 in 2009 pertains to retirement of fully depreciated assets. Adjustment of P17,350 in 2008 pertains to change in the estimate of useful lives of assets in the prior year.

The Plan believes that there is no indication that an impairment loss has occurred on its property and equipment.

12. **BENEFITS PAYABLE**

This account pertains to benefits payable to retired and separated members qualified for the normal retirement date, optional/early retirement date, and death and disability benefits. Retirement benefit expense charged to operation and trust fund amounted to P154,958,388 and P165,248,655 in 2009 and 2008, respectively were recorded under plan benefit payments. As of April 30, 2009 and 2008, the benefit payable amounted to P32,780,666 and P59,916,902, respectively.

The carrying amount of the Plan's benefits payable approximates fair value.

13. OTHER BENEFITS PAYABLE

This account pertains to death and disability benefits payable to the beneficiary or beneficiaries of a deceased employee regardless of his length of service with his Participating Employer. Death and disability benefit expense recorded under plan benefit payments amounted to P5,100,000 and P4,350,000 while benefit payable amounted to P450,000 and P1,200,000 in 2009 and 2008, respectively.

The carrying amount of the Plan's other benefits payable approximates fair value.

14. ACCUMULATED FORFEITURES

This account refers to the accumulated contributions of employees who are separated prior to retirement and are not paid due to the employees' limitations on entitlement to receive benefits as specified in the retirement plan. These contributions are retained in the trust fund and shall be used to reduce the subsequent contributions of the Participating Employers. As of April 30, 2009 and 2008, the benefit payable amounted to P41,902,167 and P33,049,904, respectively.

The carrying amount of the Plan's accumulated forfeitures approximates fair value.

15. DUE TO PARTICIPATING EMPLOYERS

This account pertains to the amount payable to certain Participating Employers for withdrawing or terminating their membership to the Plan and contributions of the resigned employees. As of April 30, 2009 and 2008, the due to participating employers amounted to P7,654,869 and P7,015,963, respectively.

The carrying amount of the Plan's due to participating employers approximates fair value.

16. DEFERRED CONTRIBUTIONS

This account pertains to the contributions made by the unidentified Participating Employers.

17. OTHER PAYABLES

	2009	2008 (As Restated)
Professional fee	P240,000	P260,000
Withholding tax	25,492	28,383
Due to CEAP Secretariat	-	197,629
Others	67,653	51,089
	P333,145	P537,101

The carrying amount of the Plan's other payables approximates fair value.

18. RESERVE

The Reserve Account shall be credited with 25% of the net unrealized appreciation, or debited with 25% on the net unrealized depreciation, of the market value of the Fund as the case may be, since the last valuation date. However, the Trustee may at their discretion proportionately distribute any or all amounts standing in the Reserve Account to the Equity of the individual Members on any valuation date.

Unrealized loss and gain on fixed income - available-for-sale investment which were presented under reserve for net unrealized depreciation/appreciation of the market value of plan assets amounted to loss of P23,656,152 in 2009 and P15,914,628 in 2008, respectively.

19. **OTHER INCOME**

Other income is composed of penalties received due to the early termination of investment in loans and others.

On April 3, 2006, the Plan leased its land located at Vista Alegre, Mansilingan, Bacolod City. The lease agreement is for a period of two agricultural years commencing from sugar crop year March 31, 2006 to March 31, 2007 and ending on sugar crop year April 1, 2007 to April 1, 2008. On November 12, 2007, the lease contract was renewed for another two (2) sugar crop years covering March 31, 2008 to April 1, 2010.

Rental income earned from the land leased amounted to P200,000 in 2008, and is included as part of other income

20. **INVESTMENT EXPENSES**

	Notes	2009	2008 (As Restated)
Loss on sale of investments	8	P23,648,342	P -
Unrealized loss on valuation of investment	8	23,224,575	58,233,078
Trust advisory fees	24	10,778,820	7,963,098
Professional fees		5,600,000	5,600,000
Premium amortization	8	2,831,895	1,845,619
Provision for losses in loan	8	-	1,131,907
Others		452,835	1,692,231
		P66,536,467	P76,465,933

Professional fees pertain to services rendered by ASC Philippines, Inc. to the Plan and other expenses.

21. **FORFEITURE EXPENSES**

This pertains to the distributed/allocated income of the Plan on accumulated forfeitures to its participating employer.

22. **GENERAL AND ADMINISTRATIVE EXPENSES**

	Notes	2009	2008
Administrative cost	23	P1,881,261	P1,775,405
Assembly		522,830	518,902
Employee benefits		356,774	362,703
Professional fees		330,000	350,000
Representation and entertainment		285,052	254,758
Rentals	26	275,370	275,370
Transportation and travel		233,844	232,419
Communications		190,014	174,335
Light and water		116,986	105,761
Death and disability benefits		115,701	321,206
Office supplies		88,073	73,440
Depreciation	11	76,932	179,334
Repairs and maintenance		62,370	45,914
Marketing		19,540	42,653
Miscellaneous		105,094	91,035
		P4,659,841	P4,803,235

Retirement expense charged to operation amounted to P68,333 and P70,146 in 2009 and 2008, respectively which are included in the employee benefits account.

The total general and administrative expenses were partially paid out from the trust fund with Metrobank in 2009 and 2008.

23. **RELATED PARTY TRANSACTION**

CEAP provides manpower and administrative function to the Plan amounting to P1,881,261 and P1,775,405 in 2009 and 2008, respectively.

As of April 30, 2009 and 2008, the due to/from CEAP Secretariat amounted to a receivable of P4,137 and a liability of P197,629 in 2009 and 2008, respectively as disclosed in Notes 10 and 17.

As of April 30, 2009 and 2008, advances to committee members amounted to P22,756 and P6,784, respectively as disclosed in Note 10.

The carrying amount of the Company's related party balances approximates fair value.

24. **TRUST AGREEMENT**

The Retirement Commission of the Plan, in its regular meeting held on May 31, 2001, unanimously approved the appointment of Bank of the Philippine Islands (BPI) as successor trustee bank of the retirement fund effective September 1, 2001. BPI was later replaced by Metropolitan Bank and Trust Plan as collection agent. Under the trust agreement, the trustee bank will administer and manage the Retirement Fund (Fund) which is subject to the control and supervision of the CEAP Retirement Commission. The trustee bank may invest and reinvest the principal and income of the Fund but not limited to, common and preferred stocks, personal, corporate or governmental obligations, trust and participating certificates, leaseholds, mortgages, and other interests in realty, time or savings deposits. Also the trustee should observe the following rules to invest and reinvest the Fund:

- Invest and reinvest the Fund in any kind of loan on a secured and unsecured basis, which includes the authority to borrow and to secure loans and credits as the trustee may deem proper for the good of the Fund;

- Lend, sell, transfer or assign money or property to any of the departments, directors, officers, stockholders or employees of the trustee or relatives within the third degree of consanguinity or affinity, or the related interests of such directors, officers and stockholders; or to any corporation where the trustee owns at least 50% of the subscribed capital or voting stock in its own right and not in a representative capacity;
- Purchase or acquire property or debt instruments from any of the departments, directors, officers, stockholders or employees of the trustee or relatives within the third degree of consanguinity or affinity or the related interests of such directors, officers and stockholders; or from any corporation where the trustee owns at least 50% of the subscribed capital or voting stock in its own right and not in a representative capacity;
- Invest in equities of or in securities underwritten by the trustee or a corporation in which the trustee owns at least 50% of the subscribed capital in its own right and not in a representative capacity; and
- Sell, transfer, assign or lend money or property from one trust or fiduciary account to another trust or fiduciary account.

The trustee shall determine the market value of the Fund, or any investment thereof, for any purpose on the basis of such quotation, evidence, data or information as the trustee may deem pertinent and reliable.

The trustee shall keep and maintain books of accounts and other accounting records. The trustor or its duly authorized representative(s) shall have the right, during banking hours, to examine or audit all the books and records relative to the Fund.

The trustee shall be entitled for services rendered, to collect such reasonable compensation to be paid of the Fund equivalent to 0.30% per annum applied to the market value of the Fund or a floor of P25,000 whichever is higher (VAT inclusive) for a minimum fund balance of P500,000,000.

Certain trust agreements are also entered into with other banks namely Chinatrust (Phils.) Commercial Bank Corporation, Rizal Commercial Banking Corporation, Deutsche Bank AG Manila Branch, Banco de Oro and ING Bank. These banks are managing the other investment accounts of the Fund.

25. RETIREMENT AND GRATUITY PLAN

The Plan has adopted a funded plan for separation, death, disability and retirement pay benefits for qualified employees and members of the Plan and their beneficiaries and other employees of those private schools and institutions duly registered under the Plan.

The Plan's retirement plan is basically non-contributory. However, members of the Plan have the option to contribute voluntarily an amount equal to 1% but not more than 4% of their current basic monthly salary.

The benefit payable under the Plan shall be computed based on the full amount standing to the credit of the member in the fund consisting of his own contributions and the contributions of his participating employer in his favor comprising of future service contributions and past service contributions plus the income credited thereto to be determined as of last valuation date.

The benefits are payable generally upon termination of employment due to old age (retirable age), permanent total incapacity or disability or redundancy, and in case of death while in service.

26. **LEASE COMMITMENTS**

The Plan leases its office facilities operating under lease agreements. Relative to this lease, the Plan paid an advance rental of P45,895, which was included as part of receivable and other current assets account in the statements of net assets available for plan benefits. The lease agreement is for a period of one year commencing from June 1, 2005 to May 31, 2006. The Plan renewed the lease until May 31, 2009.

At the balance sheet date, the Company had outstanding minimum lease payables with a third party under the operating lease agreement executed on May 8, 2008, which falls due as follows:

	2009	2008
Not later than 1 year	P252,422	P252,422
Later than 1 year but not later than 5 years	22,948	22,948
	P275,370	P275,370

Rent expense charged to operations amounted to P275,370 in 2009 and 2008, as disclosed in Note 22.

27. **RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

The 2008 financial statements were restated to reclassify the following:

- a) Net unrealized loss on mutual funds revaluation of P1,123,504 under Metrobank Trust Fund account previously recognized in the 2008 statements of changes in net assets available for plan benefits was reclassified to reserve for net unrealized depreciation of the market value of plan assets under statements of net assets available for plan benefits;
- b) Net unrealized gain on available-for-sale securities of P1,790,439 under ING Trust Fund account previously recognized in the 2006 statements of changes in net assets for the plan benefits and P488,182 under Metrobank Trust Fund account previously recognized in the 2007 statements of changes in net assets for the plan benefits was reclassified to reserve for net unrealized appreciation in the market value of plan assets. This resulted to an adjustment to the 2008 opening balance of the net assets available for plan benefits; and
- c) Membership dues of P69,729 is included in the contributions for prior years. This resulted in an adjustment to the 2008 opening balance of net assets available for plan benefits.

28. **CONTINGENT ASSETS**

In 2001, the Plan has equity investments of P80,000,000 in common shares of Educational Capital Corporation (ECC) representing 39.38% interest with ECC. The entire investment was derecognized in 2004 due to significant decline in net assets value of ECC.

At present, ECC is under liquidation process and there is a probability of future cash inflows arising from its liquidation. The Plan is entitled to a share in its liquidation proceeds representing portion of a return of its capital investment.

29. **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by Management and authorized for issue on August 3, 2009.

* * *