



Free Bird Institute Limited
Market Announcement
Half Yearly Financial Statements
30 June 2019

Free Bird Institute Limited
Fiji Islands

MARKET ANNOUNCEMENT

This market announcement contains the unaudited financial results of Free Bird Institute Limited (FBL) for the six months ended 30 June 2019. Where necessary, comparative results of the previous reporting period have been re-classed to maintain consistency with the current period reporting.

This market announcement has been authorised for issue on 31 July 2019.



Mereseini Baleilevuka
Director



Roqiqi Korodrau
Company Secretary



Executive Chairman's Comments

On behalf of the Board, I am pleased to present to you the unaudited results for the Company for the six months period ended 30 June 2019. The Japanese economy continues on its trajectory of growth in the start of 2019 which has an inverse effect on our student numbers from this market. This is because, as the economy grows, more job opportunities are available for the Japanese people, making study abroad a less desirable option.

In response to this, Management has focused more attention to other markets outside of Japan and particularly in China and other markets. This investment resulted in the increase of students from the non-Japanese markets enrolled at our Institute by 46% in the past 6 months when compared to the same period last year.

The new integrated in-house foreign exchange that was introduced in May 2018 continues to provide a positive return for the Company with an increase of 263% in segment profit compared to the same period last year. With the unforeseen fluctuations of the Japanese yen and US dollar, Management continuously work with the financial institutions to hedge rates where prudent to safeguard the Company's exposure to such foreign exchange risks.

Management also capitalized on the favorable interest rates offered by financial institutions at the beginning of this year and invested an additional \$1 million into term deposits in a bid to capitalise on the excess liquidity of the Company.

We are glad to have closed off the 2018 financial year with the declaration of a final dividend of 3.5 cents per share in April this year resulting in a total dividend pay-out of 10.5 cents in relation to the 2018 financial year equating to 3.59% cumulatively.

On behalf of the Board and Management, we would like to thank all the shareholders for their continuous support in FBL.



Hiroshi Taniguchi
Executive Chairman

Dated this 31st day of July 2019.

Chief Financial Officer's Comments

We are pleased to announce the results of the Company for the first six months ended 30 June 2019. The decline in our student numbers continue to drive our revenue down with our service fees revenue dropping by 9% when compared to the same period last year.

The Company is now actively expanding to the non-Japanese market to mitigate the impact of the reduction of the Japanese students. Other income has increased when compared to prior year despite prior year balance being inclusive of the revenue generated from recruitment services provided to the Narita Airport Business Co Ltd. The increase in other income is attributed to the in-house money exchange business.

In-house insurance claims which comprised mostly of medical claims decreased by 23% in comparison to the same period last year. However, the total claims equate to only 8% of the total in-house insurance revenue for the period in comparison to 10% in the previous year. Management has taken prudent measures to ensure that all expenses are carefully monitored and where necessary cut costs.

The total asset base of the Company for the first 6 months increased by 12% from December 2018 driven by the continuous cash flow management approach of the Company . The shareholders' equity grew by 3% from 31 December 2018 for the 6 months and by 11% from the same period last year as a result of the Company's profitability over the period.



Waisale Iowane

Director | Chief Financial Officer

Dated this 31st day of July 2019.

Statement of profit or loss and other comprehensive income

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)		% Movements
Revenue				
Service fees	2,542,431	2,800,571	↓	-9%
In-house insurance premiums	406,206	435,084	↓	-7%
Other income	35,988	28,237	↑	27%
	<u>2,984,625</u>	<u>3,263,892</u>	↓	-9%
Expenses				
In-house insurance claims	(34,826)	(45,453)	●	-23%
In-house insurance commission expense	(161,338)	(172,950)	●	-7%
Direct operating expenses	(781,183)	(868,777)	●	-10%
Depreciation	(51,314)	(52,760)	●	-3%
Personnel expenses	(1,083,499)	(1,163,236)	●	-7%
Other expenses	(270,321)	(236,136)	●	14%
Total expenses	<u>(2,382,481)</u>	<u>(2,539,312)</u>	●	-6%
Profit from operations	602,144	724,580	↓	-17%
Finance income	23,060	16,751	↑	38%
Finance cost	<u>(44,193)</u>	<u>(46,610)</u>	●	-5%
Profit before tax	581,011	694,721	↓	-16%
Income tax expense	<u>(63,626)</u>	<u>(75,224)</u>	●	-15%
Net profit after tax	<u><u>517,385</u></u>	<u><u>619,497</u></u>	↓	-16%

Statement of Financial Position

	30 June 2018 (Unaudited)	31 December 2018 (Audited)	30 June 2018 (Unaudited)
Assets			
Current assets			
Cash and cash equivalents	590,942	1,807,144	3,208,580
Trade and other receivables	1,159,639	502,557	615,231
Prepayments	107,477	84,570	235,245
Held to maturity investments	10,308	1,210,000	10,000
Total current assets	<u>1,868,366</u>	<u>3,604,271</u>	<u>4,069,057</u>
Non-current assets			
Trade and other receivables	262,337	84,529	242,907
Held-to-maturity investments	2,272,889	72,889	50,485
Property, plant and equipment	1,920,480	1,898,980	1,937,793
Deferred tax asset	2,362	119	-
Total non-current assets	<u>4,458,067</u>	<u>2,056,517</u>	<u>2,231,185</u>
Total assets	<u>6,326,433</u>	<u>5,660,788</u>	<u>6,300,242</u>
Liabilities			
Current liabilities			
Trade and other payables	307,227	189,924	290,625
Payables to related parties	47,621	41,982	249,518
Interest bearing borrowings	225,324	259,104	225,324
In-house insurance liabilities	466,318	212,893	482,684
Current tax liabilities	23,441	69,438	61,264
Total current liabilities	<u>1,069,932</u>	<u>773,341</u>	<u>1,309,414</u>
Non-current liabilities			
Deferred tax liability	-	-	3,053
Interest bearing borrowings	<u>398,770</u>	<u>477,101</u>	<u>621,697</u>
Total non-current liabilities	<u>398,770</u>	<u>477,101</u>	<u>624,749</u>
Total liabilities	<u>1,468,702</u>	<u>1,250,442</u>	<u>1,934,163</u>
Shareholders' equity			
Share capital	2,000,000	2,000,000	2,000,000
Retained earnings	2,602,494	2,455,109	2,110,842
Equity contribution reserve	<u>255,237</u>	<u>255,237</u>	<u>255,237</u>
Total shareholders' equity	<u>4,857,731</u>	<u>4,710,346</u>	<u>4,366,079</u>
Total liabilities and shareholders' equity	<u>6,326,433</u>	<u>5,960,788</u>	<u>6,300,242</u>

Statement of Cash flows

	For the 6 months ended 30 June 2019 (Unaudited)	For the 12 months ended 31 December 2018 (Audited)	For the 6 months ended 30 June 2018 (Unaudited)
Operating activities			
Receipts from customers	2,058,268	5,384,353	2,575,543
Payment to suppliers and employees	(2,031,225)	(4,848,676)	(2,003,749)
In-house insurance premiums received	142,178	584,736	386,861
In-house insurance claims paid	(34,826)	(79,769)	(45,453)
Interest received	16,960	41,137	16,751
Interest paid	(25,511)	(76,242)	(46,805)
Income tax paid	(109,455)	(27,694)	(46,610)
Net cash from operating activities	<u>16,390</u>	<u>977,845</u>	<u>836,538</u>
Investing activities			
Acquisition of property, plant and equipment	(72,814)	(25,767)	(12,053)
Investment in held to maturity investments	(1,000,308)	(1,201,452)	-
Net cash used in investing activities	<u>(1,073,122)</u>	<u>(1,227,219)</u>	<u>(12,053)</u>
Financing activities			
Repayment of interest bearing borrowings	(127,126)	(275,360)	(35,340)
Repayments received from related parties	-	-	(40,000)
Dividends paid	(70,000)	(180,000)	-
Net cash used in financing activities	<u>(197,126)</u>	<u>(455,360)</u>	<u>(75,340)</u>
Net increase in cash and cash equivalents	(1,253,858)	(704,734)	749,145
Effect of movements in exchange rates on cash held	37,656	52,443	-
Cash and cash equivalents at the beginning	1,807,144	2,459,435	2,459,435
Cash and cash equivalents at the end	<u>590,942</u>	<u>1,807,144</u>	<u>3,208,580</u>

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