# Free Bird Institute Limited

# **2017** Annual Report



Free Bird Institute Limited (FBL) runs the first English-only language institute in Fiji, catering to foreign students wishing to learn English.

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# Company Overview

#### **About Us**

At Free Bird, we run Fiji's largest English-only language Institute catering only to foreign students wishing to study English in Fiji. We are proud to be the first foreign-owned Company and the first Company to be representing the Education sector on the South Pacific Stock Exchange.

With just a little over 10 years of operation, our business has rapidly expanded over the years from study abroad programmes to the introduction of an in-house insurance scheme as an integrated product available for our students as well as the partnerships built with key stakeholders to explore the recruitment of Fijians to work overseas.

The Japanese continue to be our market niche making up 95% of our numbers during the year. This has always been at the heart of our Founder, Mr Hiroshi Taniguchi who came to Fiji as a Japanese businessman to address the strong and growing need for English language tuition amongst the native Japanese population.

#### **Our concept of learning**

At Free Bird, we use a total immersion approach which involves the learner spending time in an environment operating solely in the targeted language. This enables the students to learn the language in its natural environment and is able to see and hear expressions, words, phrases in context, along with physical movements, facial expressions and correct intonation and voice. Coupled with a traditional classroom-based learning, this approach is a highly-effective method of learning, at least for our adult students.

We envisage providing students with more than English language skills by equipping them with more important life skills developed from daily exposure in a new country with diverse cultures and experiences. Our ultimate goal is to develop students who are well-equipped to communicate, travel, live and work successfully in an English speaking country.

We achieve this approach by:

- Immersing students in the Fiji environment for the duration of their studies where the medium of communication is English;
- Arranging home stay accommodation for students for the duration of their studies where they can live with their local hosts and experience the diverse culture, traditions and hospitality that Fiji is well known for;
- Having a strictly-enforced "English-only Policy (EOP)" within the boundaries of our campuses; and
- Having all classroom courses taught solely in the English language by adapt trained teachers, each of whom hold an English teaching license from the Fiji Teachers Registration Board (FTRB).





# Snapshot

# REVENUE & FINANCE INCOME 2017 2017 2015 2014 3,994,320

### **NET PROFIT BEFORE TAX**



# STUDENT NUMBERS



## SHARE PRICE MOVEMENTS



\*The prices used in the above graph is made up of the market prices at the end of each month since listing.

Highest market price per share	\$2.55
Lowest market price per share	\$2.00
Market price per share as at 31 December 2017	\$2.55



# Executive Chairman's Report

I am pleased to report that our Company has continued to show an exceptional growth in our business and is reflective of the improvement in our service deliverables to the foreign students who choose not only our institute but Fiji as a destination to study abroad.

Our people have demonstrated an unwavering focus to ensure that our students' experience in Fiji is rewarding and life changing. We continue to improve our counselling service in each campus to ensure that our students adapt well to their new environment.

With the consistent growth in the demand for the English language globally, our main focus remains with the Asian markets as this is the fastest growing market in the world. As such, 99% of our students are from this market as this is where the demand for English as a second language is still predominantly high.

#### Our performance in 2017

Our business continues to grow each year and this is evident in the results showing an increase of 15% in our profits before tax compared to 2016.

We were faced with many challenges during the year one of which involved the tragic loss of one of our insured student, as well as serious injuries to her 3 year old daughter, who were both involved in a fatal accident in Nadi.

We sympathise with the family on their loss and provided full support in ensuring that their travel back to Japan was taken care of.

Despite this setback, we continued to show growth with the resilient management team keeping costs under control. We have put in measures to ensure that additional costs reflect the growth of the business and where necessary, restructured and realigned teams to stimulate capacity building within the organisation to deliver the best results to you.



#### **Delivering for our shareholders**

Most importantly, we continue to ensure that our shareholders get a return on their investment which is in line or better than other market returns. This, of course, is subjected to the financial performance of the Company and the cash flow capabilities of the business.

We were pleased to have returned 4.71% to you as your return on investment in 2017, which is a direct result of our focus in enhancing financial performance that will deliver the long-term value to all our shareholders.

#### **Economic Conditions**

The Japanese economy continued to strengthen ahead of preliminary estimates in 2017, reflective of the strong private consumption and an upward revision of the business spending and inventories for the eighth straight quarter of expansion.

The Japanese Yen (JPY) fell dramatically at the back of the stronger USD at the beginning of 2017 as a result of the US elections with Trump taking up office. However, we saw JPY gradually gaining strength towards the end of the first quarter as the Bank of Japan kept its policy interest rate at -0.10% during the first seven months of the year to support growth and price stability.





It is indeed pleasing to note that the Fijian economy is anticipated to achieve its eighth consecutive year of growth in 2017, as reported by the Reserve Bank of Fiji, driven by growths in the public administration and defence, manufacturing, wholesale and retail trade, construction and the financial and insurance activities sectors.

Our business relies heavily on the performances of both economies as 95% of our students are from Japan and any growth and stability in the Fijian economy will boost interest and confidence in our prospective students to choose Fiji as a study abroad destination.

#### **Forward looking**

With the new partnership and business arrangement with the Narita Airport Business Co Ltd (NAAB), we hope to strengthen this relationship and new business venture of exporting Fijians to work in businesses in and around the Narita International Airport. This could not have come at a better time with our national carrier; Fiji Airways set to include Narita in its routes from 2018.

We anticipate that this direct route will reduce the cost and increase the numbers of our prospective students who can choose Fiji as their destination abroad to study.

The new business arrangement with NAAB will also allow students who have graduated from our institute to work in businesses in and around the Narita International Airport. This would become a practical advantage for students who wish to use the English language in a work environment as the Narita International Airport is being expected by the Japanese Government to attract 40 million foreign visitors in a year by 2020. Therefore, the demand for English speaking personnel's working at the Narita International Airport is huge and we hope to capitalise on this within the coming years.

I look forward to see the continuous growth in our business as we continue to exceed market expectations, improve our financial performance and continue to grow shareholder value and returns.

Hw Joh

Hiroshi Taniguchi Board Chairman & Chief Executive Officer

## Executive Officers' Report





#### **Report on operations**

We are pleased to present our report on the operational and financial performance of the business in 2017, as we continue to serve an increasing number of international students each year.

With a modest increase of 8% in the number of new student arrivals for the year, we have committed to ensuring that these students continue to be motivated to achieve the goals they have set for themselves. This is achieved through the continuous assessment on the contents of each English component being offered at our Institute.

Students have been asked to "break their shyness" through constant oral and interactive lessons provided at our Institute. Mid-term events are organised by the teachers so that students get a chance to interact freely while engaging in fun filled activities during the day. In an effort to enhance their better understanding of the rich and diverse culture that Fiji has to offer, special local cultural activities are also incorporated on the day to educate our students.

We anticipate providing more integrated products to our students in 2018 to include unique but meaningful work attachment programmes with various organisations during their duration of their studies. This will allow students to experience different varieties of English used in the varied environments working in an environment where communication is based only in English.

#### **Report on the financial performance**

We are proud to report that each year the Company continues to make record breaking profits. The sustained improvement in our cash flow which reflects an increase of 24% is backed by the strong increase in net profit after tax of 28% in the year and making up 48% of the Company's total assets.

This is a result of the steady increase in the number of students that have taken up our in-house insurance plans eventuating in an increase of 72% in our in-house insurance revenue.

Our record breaking financial performance was boosted by the increased level of confidence in our in-house insurance plans which 99% of our students have taken up as well as their satisfaction of the deliveries of our services.

We are committed to ensuring that the improvement in our financial performance is reflected in the increase of our shareholder value and returns and we look forward to an even better 2018.

We thank you for your ongoing support.

Mereseini Baleilevuka Chief Operations Officer

Waisale Iowane Chief Financial Officer

# Financial Highlights

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	2013	2014	2015	2016	2017
Total Revenue (including finance income)	4,502,433	3,994,320	4,156,275	5,360,215	6,323,178
Net profit after tax	114,750	237,749	276,337	824,394	1,057,827
Cash and cash equivalents	385,594	578,308	982,056	1,987,577	2,459,435
Total assets	3,051,238	3,249,742	3,545,400	4,608,276	5,159,983
Total liabilities	1,676,200	1,636,955	1,401,039	1,639,521	1,373,401
Total Shareholders' Equity	1,375,038	1,612,787	2,144,361	2,968,755	3,786,582
Earnings per share	0.06	0.12	0.14	0.41	0.53
Dividend per share	-	-	-	-	0.12
Net tangible assets per share	0.69	0.81	1.07	1.48	1.89
	Profitability r	neasures			
Return on assets	4%	8%	8%	20%	22%
Return on equity	8%	15%	13%	28%	28%
Profit margin	3%	6%	7%	15%	17%
Price/Earnings ratio (P/E Ratio)	17.43	8.41	7.24	2.43	4.82
Dividend yield	0%	0%	0%	0%	4.71%
	Liquidity m	easures			
Current ratio	1.22	2.93	3.68	3.10	4.49
Quick ratio	1.22	2.93	3.68	3.10	4.49
	Activity me	easures			
Trade receivables turnover (Times)	17	13	13	18	11
Trade Receivables collection period (days)	21	31	27	21	32
	Financial m				
Debt ratio	0.55	0.50	0.40	0.36	0.27
Debt/equity ratio	1.22	1.01	0.65	0.55	0.24





## 2017 Key Financial Components



# Key Operational Highlights



#### Half Year Results

The six months financial results were released on the market on 25 July 2017 showing an impeccable performance in the profit before tax showing an increase of 68% in comparison to the same period in 2016.

#### Narita Airport Business Co Ltd (NAAB)

The Company signed a Mutual Services Agreement (MSA) with NAAB to address Human Resources issues currently faced by both Japan and Fiji.

The MSA provides FBL with an opportunity to export human resources to Japan to work with businesses in and around the Narita International Airport.



#### **Interim Dividend**

The Board declared an interim dividend of \$0.07 based on the half year financial performance of the Company.

#### **SPSE Annual Awards**

FBL was accorded a special award for Quality Reporting during the SPSE Awards night on 6 October 2017.

#### **Community Awareness**

FBL in partnership with the Tourism Department of the Fiji Police Force organised a community awareness day on 23 October 2017, where students marched through the streets of Lautoka to raise awareness of their presence and purpose in Fiji. This was done as a result of the rise in attacks on the students in Nadi and Lautoka.

The Company also used this opportunity to partner with the Ministry of Health with the bid to advocate the public on Cancer as part of its Pinktober Campaign.

#### **Rosie Holidays**

FBL signed an Exclusive Agreement with Rosie Holidays on 15 December 2017. The Agreement gives Rosie the exclusive right to provide FBL students local sightseeing tour, excursions, car hire and overnight resort accommodation arrangements at each of the campuses located in Nadi and Lautoka.

#### **Recruitment License**

FBL received the formal approval to operate as an Employment Agency or Employment Business from the Ministry of Employment, Productivity and Industrial Relations. This will enable FBL to carry out its recruitment process in conjunction with the MSA signed with the Narita Airport Business Co Ltd.

## The Board of Directors



#### Hiroshi Taniguchi Chairman

Hiroshi is the founder of both the Company and its parent Company in Japan, South Pacific Free Bird Co Ltd (SPFB). He also holds the position of Chief Executive Officer in both the Companies and Chair of SPFB. He started off his education background in Applied

Physics then switching to Architectural studies in his second year at TongJi University in Japan. After gaining extensive experience in various business sectors throughout Asia, Hiroshi decided to invest in Fiji by moving here in 2004. He is a businessman and Entrepreneur and has been instrumental with innovative products that the Company continues to offer.



#### Mereseini Baleilevuka Executive Director

Mereseini is a teacher and businesswoman by profession. She holds a Bachelor of Arts in Education and English Literature from the University of the South Pacific. She has had extensive experience of over 20 years in the education sector in Fiji

and has over the years been extensively involved with the strategic planning and expansion of the Company in Fiji. She also currently holds the position of Chief Operations Officer of the Company as well as the Principal position in the School. She is also a Director of the parent company, South Pacific Free Bird Co Ltd in Japan.



#### Waisale Iowane Executive Director

Waisale is the Chief Financial Officer of the Company and also has been appointed to be the Compliance officer of FBL since its listing on the Exchange. He was appointed to the board on 2 November 2015 by virtue of his position in the Company. He

has over 7 year's of experience in the accounting profession prior to joining FBL. Waisale is a provisional member of the Fiji Institute of Accountants, an Associate Member of CPA Australia and is a Leadership Fiji Alumni.



#### Adi Litia Qionibaravi Non-Executive Independent Director

Adi Litia brings a wealth of knowledge and experience to the board having a professional background in accountancy, business administration and law. She is currently the General Secretary to the Social Democratic Liberal Party. She was admitted

as a chartered accountant in 1984 with the Fiji Institute of Accountants. She was admitted in February 1993 as a Barrister of the Supreme Court of New South Wales and as a Barrister/Solicitor of the High Court of Fiji in September 1993. She had served in various company boards including Fiji TV, Fijian Holdings, Telecom (Fiji) Limited, Amalgamated Telecom Holdings and Yasana Holdings.



#### Yoshinobu Higashi Non-Executive Non-Independent Director

Yoshinobu holds a Bachelor of Law degree from Tokyo University, Japan. He has held various posts with the Japanese Government including diplomatic postings as the Ambassador for Japan to

Romania and Japanese Consul to Geneva. He was also the Director General for Economy and Political Coordination, Vice Minister for Policy Co-ordination, Director General for Okinawa Development with the Japanese Government. Additionally, he was a Professor at the Tohoku University and the General Manager of Josai University in Japan. He is also a Director with South Pacific Free Bird Co Ltd in Japan.



Non-Executive Independent Director Yoko was the outgoing

Yoko Nameki

General Manager in charge of the high school division with the parent company South Pacific Free Bird Co Ltd in Japan. Her work experience and knowledge of the Education sector in Japan spans for more than 12 years. She was also a Director of the Japanese Department of the

SISA English Institute Inc in California USA from 2008 till 2010. Yoko holds a Bachelor's Degree in Business Management from Fort Hays State University in USA and was appointed to the Board on 12 April 2017.



#### Latileta Qoro Non-Executive Non-Independent Director

Latileta is a Human Capital Management Consultant with Maxumise and has led consultancies in JEE, competence assessments, formulation of individual performance measures in line with strategic objectives, role design and management

of end-to-end recruitment (both local and international) incumbents across various roles for local and regional clients in the retail, manufacturing and tourism development industries. Ms Qoro's professional expertise is in the areas of corporate finance, strategic planning, corporate governance, policy development and strategic planning and human capital management. She served with PricewaterhouseCoopers Fiji as an auditor, the Reserve Bank of Fiji and the South Pacific Stock Exchange. In line with her professional expertise, she currently serves as a committee member of the Australian Institute of Company Directors' Fiji chapter. She holds a Master of Commerce in Accounting and a Bachelor of Economics degree from the University of Sydney and also serves on the board of Pleass Global Limited.



#### Tupou Ma'ata Company Secretary

Tupou holds the position of Assistant Accountant with the Company since 2014 and was appointed Company Secretary on 2 November 2015. Her term ended on 31 December 2017 and the Board has appointed Roqiqi Korodrau as Company Secretary effective from 1 January 2018.

## Senior Management Team



#### Losalini Tagiteci Human Resources & Administration Manager

Losalini has been with the Company since 2007 and has held various positions within the organisation. She started her career with FBL as an Accounts Officer and worked her way up the ranks to

Manager Accounts and now the HR & Admin Manager. She holds a Bachelor of Arts in Economics and Management & Public Administration from the University of the South Pacific as a Diploma in Business Studies from the Fiji National University. She has also completed the Reserve Bank of Fiji's Securities and Licensing Exam.



#### Marica Debalevu Vice Principal

Marica is a qualified ESL teacher by profession and has been with the Company since 2008. She is responsible for the administration of the school curriculum in consultation with the Principal. She holds a Master of Arts and Post Graduate Diploma in

Teaching English as Second Language from the University of Fiji. She also holds an International Diploma in Everyday English for Everyone from Cambridge International College and a Diploma in Industrial Laboratory Technology from the Fiji National University.



#### Roqiqi Korodrau Finance Manager

Roqiqi joined the Company in 2017 as Finance Manager. Prior to joining FBL he held the position of Finance Manager at Te Vara Niu Cultural Tours in the Cook Islands and was a Senior Accountant at Ernst & Young Fiji. He holds a Bachelors

of Commerce in Accounting and Information systems from the University of the South Pacific. He was also appointed Company Secretary by the Board on 12 December 2017 with his secretarial duties to officially commence from 1 January 2018.



Services Manager Yuma joined the Company

Yuma Nagasaki

**Student Support** 

in 2007 and has held various positions within the business. Prior to joining the Company, he worked as a Systems Engineer at Daiwa & IBM Information Systems Co Ltd in Japan. His role involves supporting and

managing the foreign student's welfare while studying in Fiji. He holds a Bachelor's degree in Business Administration from Kobe University in Japan.



# Corporate Governance Statement

Free Bird Institute Limited (FBL) supports the Corporate Governance Code for the Capital Market issued by the Reserve Bank of Fiji in June 2008. The Code entails 10 core principles with implementation guidance in the form of best practise recommendations.

Whilst the recommendations are not mandatory and cannot, in themselves, prevent corporate failure or mistakes in corporate decision making, they do provide a reference point for enhanced structures to safeguard an entity and optimise performance and accountability.

#### **Principle 1: Role of the Board**

The board has adopted a formal Charter which sets out the roles, functions, obligations, rights, responsibilities and powers of the Board. It also highlights the policies and practices of the Board in respect of its duties, functions and responsibilities.

In brief, the Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in doing so, effectively represent and promote the legitimate interests of the Company and its members.

#### **Principle 2: Composition of the Board**

The board composition is structured to add value to the business and promote the best interest of the Company and its members.

The Company has adopted a formal Charter where the Company shall maintain a unitary Board which shall comprise of executive and non-executive directors where the Chairman of the Board shall be the Chief Executive Officer. This Charter also ensures that there is a proper balance and mix in its board. This includes having sufficient diversity in a number of aspects including but not limited to gender, age and educational background and professional experience.

This will allow for a more widely varied perspectives and experiences to complex strategic issues and performance monitoring which creates a greater likelihood of the board addressing the more broad social impact of business decisions.

The board also ensures that the requirements of the listing rules are adhered to where 1/3 of its board remains independent. This brings an objective, enfettered and independent judgement to the board.

#### Meetings of the Board

The Board Charter requires the Board to meet at least three (3) times per year. The board recognises the importance of adequately meeting in order to assess the business performance and formulate strategic directions for the Company.

It is at these board meetings that the board members are able to sit together and have thorough discussions and vote on business decisions proposed by the management.

The board met 5 times during the year and the attendance of the board meetings by the members is provided below.

Meeting dates	13/01/17	16/03/17	25/05/17	23/08/17	15/12/17
Hiroshi Taniguchi	Р	Р	Р	Р	Р
Mereseini Baleilevuka	Р	Ρ	Р	Р	AP
Waisale Iowane	Ρ	Ρ	Ρ	Ρ	Ρ
Yoshinobu Higashi	AP	Р	Ρ	Ρ	Ρ
Raman Velji	Р	Р	А	N/A	N/A
Adi Litia Qionibaravi	Ρ	Р	Ρ	Р	Ρ
Yoko Nameki	N/A	N/A	Ρ	Р	Ρ
Latileta Qoro	N/A	N/A	Р	Ρ	Ρ

Key: P - Present A - Absent AP - Apologies



The CEO is appointed by the FBL Board and the remuneration of the CEO is decided and approved by the Board.

The CEO's responsibility is to focus on the operations of the organisation, ensuring that it is run efficiently and effectively and in accordance with the strategic decisions of the Board.

#### **Principle 4: Board & Company Secretary**

The Company secretary is the administrative link between the Board and Management and is responsible for ensuring compliance to Company activities. Alongside this, the Company Secretary also monitors statutory requirements and ensures that the board policy and procedures are being adhered to in a timely manner.

The Company Secretary ensures that the board notices, agendas, briefing material as well as the recording and maintenance of the board meeting minutes are kept.

FBL is committed to on-going capacity building for its Board Secretary, particularly in light of the codified responsibilities of this position in the Companies Act 2015.

#### **Principle 5: Timely and balanced disclosure**

The Company is committed to ensuring that transparent and consistent communication with all its members and stakeholders are made on a timely and orderly manner. This includes any financial and non-financial information that the Company deems material.

These communications are made through the SPSE and FBL's website so that all stakeholders are able to get access to this information. In addition to this, the Company releases on an annual basis its audited accounts at the end of the financial year as well as its Annual Report. The Company's compliance officer also ensures that all statutory filings are made on a timely basis.

#### Principle 6: Promote ethical and responsible decisionmaking

FBL promotes and believes that all its directors and employees uphold high standards, honesty and fairness in all aspects of their employment and association with the Company. This is made possible through the internal Fit & Proper Policy which ensures that Board Directors and officers holding key positions are those that have been assessed as having and have clearly demonstrated ethical decision making abilities.

Included in the internal Fit & Proper Policy is a Whistle Blowing provision which gives employees and directors the freedom to confidentially report certain instances of unethical or irresponsible behaviours to the Reserve Bank of Fiji at any time.

The board has also adopted an Insider Trading Policy in order to take an active role in the prevention of insider trading violations by the board, officers, employees and other related individuals. This imposes restrictions on trading in securities while in possession of material non-public information. As such, all covered personnel under this policy are required to obtain a pre-clearance of trades from the Compliance Officer.

#### **Principle 7: Register of Interests**

The Company maintains a register of interest for Directors which records declarations of any business or personal interest which may conflict with their ability to objectively deliver their responsibilities as members of the Board of FBL. This declaration is made on an annual basis.

FBL Board of Directors are not to use any information gained in the course of their duties to promote their private interests or for personal, direct or indirect gain or lay directors open to suspicion of doing so.

#### Principle 8: Respect the rights of the Shareholders

In implementing this Principle, FBL ensures that all shareholders are given appropriate notice in-lieu for Annual General Meetings inclusive with the Annual Report which contains relevant information including audited financial statements. This allows for effective dialogue between shareholders and the Board as the Management of the Company. Additionally, the external auditor attends the AGM and is available to answer shareholder questions in relation to the audit.

The Company has an Open-Door policy for all its shareholders should they wish to raise questions or complaints directly with the Company, so long as such matters are related to their shareholding of the Company. FBL shall also transfer its Shareholders Register to Central Share Registry Limited (CSR) which shall be responsible for receiving and addressing all shareholder queries and concerns. Shareholders are able to access information directly through the CSR platform and are able to communicate with the Registry in terms of shareholding queries.

#### **Principle 9: Accountability and audit**

FBL is audited annually by an external auditor who is appointed by the shareholders at an AGM. The Auditors report directly to the members and board of FBL.

Management accounts are provided to the Board on a monthly basis to ensure that information relating to the Company is relayed to the Board on a timely basis.

#### Principle 10: Recognise and manage risk

The Board of Directors is responsible for the review and oversight of the risk management strategy to ensure that the Company has an appropriate governance structure.

The Management of the Company is responsible for identifying, monitoring, assessing and reporting such risks to the Board.

The Board is also responsible for the disclosures on risk management in the annual reports and financial statements. The Board and Executives need to ensure that risk assessments are undertaken at least annually for the purposes of making its public statements on risk management.

## FREE BIRD INSTITUTE LIMITED Financial Statements For the year ended 31 December 2017

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#### FREE BIRD INSTITUTE LIMITED Directors' report For the year ended 31 December 2017

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of Free Bird Institute Limited (the "Company") as at 31 December 2017 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

#### **Directors**

The directors of the Company during the year and at the date of this report are:

Hiroshi Taniguchi	Raman Velji (Resigned: 26/05/17)
Mereseini Baleilevuka	Yoko Nameki (Appointed: 10/04/17)
Yoshinobu Higashi	Adi Litia Qionibaravi
Waisale Iowane	Latileta Qoro (Appointed: 10/04/17)

#### **State of affairs**

In the opinion of the directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Company as at 31 December 2017 and the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results, changes in equity and cash flows of the Company for the year then ended.

#### **Principal activities**

The principal activities of the Company during the year were providing language learning programs, facilitating high school and other educational products to international students, assisting in the management of local students, provision of an in-house insurance scheme and recruitment services together with any other services associated with the recruitment.

#### **Results**

The recorded net profit of the Company after income tax expense of \$127,461 (2016: \$202,091) for the year amounted to \$1,057,827 (2016: \$824,394).

#### **Dividends**

The directors declared a final dividend of \$100,000 (\$0.05 per share) from the profits for the year ended 31 December 2016. The Company paid an interim dividend of \$140,000 (\$0.07 cents per share) during the year. Total dividend paid for the year ended 31 December 2017 amounted to \$240,000 (2016: Nil).

#### **Current assets**

The directors took reasonable steps before the Company's financial statements were made out to ascertain that the current assets of the Company were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the financial statements to be misleading.

#### **Receivables**

The directors took reasonable steps before the Company's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

# FREE BIRD INSTITUTE LIMITED Directors' report (continued)

For the year ended 31 December 2017

#### **Related party transactions**

All related party transactions have been adequately recorded and disclosed in the financial statements.

#### **Going concern**

The directors consider the Company to be a going concern. The directors believe that the basis of preparation of the financial statements is appropriate and the Company will be able to continue in operation for at least 12 months from the date of this report.

#### **Events subsequent to balance date**

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

#### **Other circumstances**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements to be misleading.

#### **Unusual circumstances**

In August 2017, a fatal accident involving two of the Company's insured students resulted in a total cash pay-out of \$226,728. An additional amount of \$140,408 is yet to be paid.

Other than the above, the results of the Company's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

#### **Directors' Interests**

Interests of directors and any additions thereto during the year and up to the date of this report in the ordinary shares of the Company are as follows:

	Beneficially		Non-ber	neficially
	Additions	Holding	Additions	Holding
Yoshinobu Higashi	-	25,000	-	-
Mereseini Baleilevuka	-	1,000	-	-

No director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

Dated at Nadi this 28th day of March 2018.

Signed in accordance with a resolution of the Directors.

tw: nh

Director



In the opinion of the directors of Free Bird Institute Limited:

- (a) the accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 December 2017;
- (b) the accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 December 2017;
- (c) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2017;
- (d) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 December 2017;
- (e) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due;
- (f) all related party transactions have been adequately recorded in the books of the Company; and
- (g) the financial statements have been prepared in accordance with the Companies Act 2015.

Dated at Nadí this 28th day of March 2018.

Signed in accordance with a resolution of the Directors.

-2/1/

Director



#### AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 395 OF THE COMPANIES ACT 2015

To: The Directors of Free Bird Institute Limited

As required under Section 395 of the Companies Act 2015, we declare that to the best of our knowledge and belief, in relation to the audit for the year ended 31 December 2017 and up to the date of this report there have been:

i) no contraventions of the Auditor independence requirements as set out in the Companies Act 2015 in relation to the audit; and ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPmli.

KPMG 28 March, 2018 Nadi, Fiji

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Sharvek Naidu, Partner



To the Shareholders of Free Bird Institute Limited

Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Free Bird Institute Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Companies Act 2015 and the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – Service Fees (\$5,340,317) Refer Note 3(I) of the financial statements	
The key audit matter	How the matter was addressed in our audit
<ul> <li>The Company has service fees from the parent company as the major source of revenue.</li> <li>Revenue recognition is a key audit matter due to the significance of revenue to the financial statements.</li> <li>Service fee comprises various services being tuition, accommodation (which is either homestay or dormitory accommodation), obtaining visas for students and preenrolment language examination which is billed at a fixed rate on a monthly basis. We focussed our attention on assessing:</li> <li>Whether service fee revenue is recognised in accordance with the terms of the service agreement with the parent company;</li> <li>Whether the number of students billed on a monthly basis is consistent with the number of students to whom tuition was actually provided to; and</li> <li>Whether the number of homestay nights and visa applications paid for by the Company was on billed to the parent company at the agreed rate.</li> </ul>	<ul> <li>Our procedures included:</li> <li>Inspecting the terms of the service agreement with the parent company to determine when revenue in relation to service fees should be recognised against the criteria in the accounting standards.</li> <li>We tested the tuition revenue by: <ul> <li>Selecting a haphazard sample from the student database and checking against manual student attendance registers completed by teachers at the language school;</li> <li>Comparing the expected revenue by multiplying the number of students recorded on the student database by the number of days in a month of tuition provided and the agreed fee per student per day against the actual revenue recorded.</li> </ul> </li> <li>We tested the accommodation revenue by: <ul> <li>Checking the homestay payments made during the year to underlying documentation and records such as the listing of host families;</li> <li>Comparing the expected revenue by multiplying the number of homestay nights paid for by the Company during the year by the agreed fee per student against the actual revenue recorded.</li> </ul> </li> <li>We tested the visa application revenue by: <ul> <li>Selecting a haphazard sample of payments made to the immigration department by checking to underlying documentation and records such as receipts from the immigration department.</li> <li>Comparing the expected revenue by:</li> <li>Selecting a haphazard sample of payments made to the immigration department by checking to underlying documentation and records such as receipts from the immigration department.</li> <li>Comparing the expected revenue by multiplying the number of students for which visas were applied for by the agreed fee per student against the actual revenue recorded.</li> </ul> </li> </ul>



To the Shareholders of Free Bird Institute Limited (continued)

#### **Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform
  audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our
  opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may
  involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# **KPMG** Independent Auditors' Report (continued)

#### To the Shareholders of Free Bird Institute Limited (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence
  obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's
  ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our
  auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our
  conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may
  cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

#### In our opinion:

- i. proper books of account have been kept by the Company, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and
- ii. to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the Companies Act 2015, in the manner so required.

The engagement partner on the audit resulting in this independent auditors report is Sharvek Naidu.

KPmli.

KPMG 28 March, 2018 Nadi, Fiji

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Sharvek Naidu, Partner

# FREE BIRD INSTITUTE LIMITED **Statement of profit or loss and other comprehensive income** For the year ended 31 December 2017

	2017		2016
	Note	\$	\$
Revenue			
Service fees		5,340,317	4,807,560
In-house insurance premiums	7	896,178	522,157
Other income		18,736	14,784
		6,255,231	5,344,501
Expenses			
In-house insurance claims	8	(391,722)	( 44,839)
In-house insurance commission expense	9	(358,471)	(226,845)
Direct operating expenses	10	(1,809,920)	(1,623,897)
Depreciation	19	(98,340)	(88,687)
Personnel expenses	11	(1,756,081)	(1,543,621)
Other expenses	12	(607,549)	(538,453)
Profit from operations		1,233,148	1,278,159
Finance income	13 (a)	67,947	15,714
Finance cost	13 (b)	(115,807)	(267,388)
Net finance costs		(47,860)	(251,674)
Profit before tax		1,185,288	1,026,485
Income tax expense	14 (a)	(127,461)	(202,091)
Profit for the year		1,057,827	824,394
Other comprehensive income, net of income tax			
Total comprehensive income for the year		1,057,827	824,394
Earnings per share			
Basic and diluted earnings per share	25	\$ 0.53	\$ 0.41

The notes on pages 35 to 57 are an integral part of these financial statements.

# FREE BIRD INSTITUTE LIMITED Statement of changes in equity For the year ended 31 December 2017

	Share capital	(Accumulated losses)/ Retained Earnings	Equity contribution reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2016	2,000,000	(110,876)	255,237	2,144,361
Total comprehensive income for the year				
Profit for the year	- 10	824,394		824,394
Other comprehensive income	-	S. C. P. A.		
Total comprehensive income for the year	-	824,394	-	824,394
Balance at 31 December 2016	2,000,000	713,518	255,237	2,968,755
At 1 January 2017	2,000,000	713,518	255,237	2,968,755
Total comprehensive income for the year				
Profit for the year	-	1,057,827		1,057,827
Other comprehensive income			1.124	S. COM
Total comprehensive income for the year	-	1,057,827	-	1,057,827
Transactions with owners of the Company				
Dividend declared and paid - refer Note 24 (d)	-	(240,000)		(240,000)
Total transactions with owners of the Company		(240,000)		(240,000)
Balance at 31 December 2017	2,000,000	1,531,345	255,237	3,786,582

The notes on pages 35 to 57 are an integral part of these financial statements.

# FREE BIRD INSTITUTE LIMITED Statement of financial position For the year ended 31 December 2017

		2016	
	Note	\$	Ş
Assets			
Current assets	15	0.450.405	1 007 57
Cash and cash equivalents Trade and other receivables	15	2,459,435	1,987,57
	16	460,976	413,72
Prepayments	17	95,202	40,900
Held-to-maturity investments Fotal current assets	18	31,440	31,440
otar current assets		3,047,053	2,473,649
Non-current assets			
Frade and other receivables	16	84,429	112,054
Held-to-maturity investments	18	50,000	50,000
Property, plant and equipment	19	1,978,501	1,966,888
Deferred tax asset	14 (c)		5,68
Total non-current assets		2,112,930	2,134,62
Fotal assets		5,159,983	4,608,276
iabilities			
current liabilities			
rade and other payables	20	190,580	228,41
Payable to related parties	21	14,607	47,439
nterest bearing borrowings	22	225,329	409,93
n-house insurance liabilities	23	217,264	82,800
Current tax liability	14 (d)	31,522	29,10
Total current liabilities		679,302	797,68
Non-current liabilities			
Deferred tax liability	14 (c)	4,376	
nterest bearing borrowings	22	689,723	841,83
otal non-current liabilities		694,099	841,83
Total liabilities		1,373,401	1,639,52
Shareholders' equity	and the second second		
Share capital	24 (b)	2,000,000	2,000,000
Retained earnings		1,531,345	713,518
quity contribution reserve	24 (c)	255,237	255,23
otal shareholders' equity		3,786,582	2,968,75
otal shareholders' equity and liabilities		5,159,983	4,608,276
Signed on behalf of the Board	See State Const		
Signed of behall of the board	1		

Hush!

Director

The notes on pages 35 to 57 are an integral part of these financial statements.

TERNS Director

## FREE BIRD INSTITUTE LIMITED Statement of cash flows For the year ended 31 December 2017

		2017	2016
	Note	\$	\$
Operating activities			
Receipts from customers		5,258,750	4,830,738
Payment to suppliers and employees		(4,280,462)	(3,795,793)
In-house insurance premiums received		516,340	320,830
In-house insurance claims paid		(273,101)	(21,225)
Interest received		33,596	15,714
Income tax paid	14 (d)	(114,979)	(51,368)
Interest paid		(34,928)	(12,724)
Net cash from operating activities		1,105,216	1,286,172
Investing activities			
Acquisition of property, plant and equipment	19	(112,040)	(162,380)
Proceeds from sale of property, plant and equipment		2,500	1,009
Investment in held to maturity investments		1.1.1.1.1.1	(30,955)
Net cash used in investing activities		(109,540)	(192,326)
Financing activities			
Dividends paid		(240,000)	-
Repayments of interest bearing borrowings during the year		(259,444)	(88,325)
Net cash used in financing activities		(499,444)	(88,325)
Net increase in cash and cash equivalents		496,232	1,005,521
Effect of movements in exchange rates on cash held		(24,374)	
Cash and cash equivalents at 1 January		1,987,577	982,056
Cash and cash equivalents at 31 December	15	2,459,435	1,987,577
Non cash financing activities	31		

The notes on pages 35 to 57 are an integral part of these financial statements.

#### FREE BIRD INSTITUTE LIMITED **Notes to the financial statements** For the year ended 31 December 2017

1. Reporting Entity

# Free Bird Institute Limited (the "Company") is domiciled in the Fiji Islands. The address of the Company's registered office is at Office 1, Level 1, Lot 13 Commercial Street, Concave Subdivision, Namaka, Nadi.

The principal activities of the Company during the year were providing language learning programs, facilitating high school and other educational products to international students, assisting in the management of local students, provision of an inhouse insurance scheme and recruitment services together with any other services associated, with the recruitment.

#### 2. Basis of preparation

#### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Fiji Companies Act 2015.

The financial statements were authorised for issue by the Board of directors on 28 March 2018.

#### (b) Basis of measurement

The financial statements have been prepared on a historical cost basis unless otherwise indicated.

#### (c) Functional and presentation currency

The financial statements are presented in Fiji dollars rounded to the nearest dollar, which is the Company's functional currency.

#### (d) Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actuals may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key areas in which estimates and judgments are applied are described below:

#### (i) <u>Claims liabilities arising under in-house insurance contracts</u>

Provision is made for the estimated cost of claims incurred but not settled at the balance date. This provision consists of estimates of both the expected ultimate cost of claims notified to the Company as well as the expected ultimate cost of claims incurred but not reported to the Company ("IBNR"). The estimated cost of claims includes direct expenses that are expected to be incurred in settling those claims.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claims is generally available.

IBNR claims may often not be apparent to the insurer until certain months after the events giving rise to the claims has happened. In calculating the estimated cost of unpaid claims the Company calculates the loss ratio (which is the total claims incurred to date and historically divided by the earned premium) multiplied by the estimated time lag of an incident occurring and being notified to the Company. The resultant percentage is multiplied with the earned premium for the year to calculate the estimated IBNR.

### FREE BIRD INSTITUTE LIMITED Notes to the financial statements

For the year ended 31 December 2017

#### 3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

#### (a) Foreign currency transactions

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Fiji dollars at the exchange rate at that date. The foreign currency gains or losses on translation are recognised in profit or loss. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

#### (b) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash at bank at balance date. Cash equivalents are short-term, highly liquid investments with original maturity term of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (c) Property, plant and equipment

#### (i) <u>Recognition and measurement</u>

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

#### (ii) <u>Subsequent costs</u>

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

#### (iii) <u>Depreciation</u>

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The depreciation rates for the current and comparative period are as follows:

Building	-	2.5%
Motor vehicle	-	18%
Walkway and fence	-	2.5%
Office equipment	-	7-40%
Office furniture	-	12%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.
For the year ended 31 December 2017

## 3. Significant accounting policies (continued)

## (d) Employee benefits

## Defined contribution plan

All employers are required to make a statutory contribution to an approved superannuation fund which in this case is the Fiji National Provident Fund. These contributions are expensed as services are rendered by employees.

## Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in profit or loss as the related service is provided.

## Annual leave

The Company accrues annual leave during the year and pays out the annual leave liability at the end of the financial year.

## (e) In-house insurance contracts

The Company issues contracts that transfer insurance risk. These contracts are issued to students for the duration that they undertake English learning courses at the Institute. Insurance contracts are those contracts that transfer significant insurance risk. As a general guide, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event.

## (i) <u>In-house insurance premium revenue</u>

Premium comprises amounts charged to policyholders excluding taxes and fees collected on behalf of third parties. Premiums are collected by the parent company, South Pacific Free Bird Company Limited (SPFB) and are remitted to the Company after deducting a commission. Premium is treated as earned from the date of attachment of risk (generally the date a contract commences) over the period of the related insurance contracts in accordance with the pattern of the incidence of risk expected under the contracts.

## (ii) <u>Unearned premium</u>

Unearned premium is calculated based on the number of days remaining till the insurance contract expiry date. The unearned portion of the premium is recognised as an unearned premium liability on the statement of financial position.

## (iii) <u>Commission</u>

Commission expenses are costs associated with obtaining and recording insurance contracts. The Company's parent SPFB charges commission for all insurance policies sold on behalf of the Company. These costs are amortised on the same basis as the earning pattern of the premium over the period of the insurance contract to which they relate.

## (iv) In-house insurance claims

In-house insurance claims comprises claims and related expenses paid in the year, changes in the provisions for claims incurred but not reported, claims incurred but not settled at year end together with any other adjustments to claims from previous years.

## (f) Financial instruments

The Company classifies non-derivative financial assets into the following categories, held to maturity financial assets and loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

For the year ended 31 December 2017

## 3. Significant accounting policies (continued)

## (f) Financial Instruments (continued)

## (i) Non derivative financial assets and financial liabilities - Recognition and derecognition

The Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## (ii) <u>Non derivative financial assets - Measurement</u>

## Held to maturity financial assets and loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Loans and receivables comprises trade and other receivables. Held to maturity investments comprises investments in term deposits.

## (iii) Non derivative financial liabilities - Measurement

Other non derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The Company's other non-derivative financial liabilities comprise of trade and other payables, payable to related parties and interest bearing borrowings.

## (g) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of direct cost of issuing the equity instruments.

## (h) Trade and other payables and payables to related parties

Trade and other payables and payable to related parties are stated at cost.

## (i) Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

For the year ended 31 December 2017

### Significant accounting policies (continued) 3.

### (j) Impairment

#### (i) Non derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable is impaired.

The amount of provision is the difference between the assets carrying and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of trade and other receivables is reduced through the use of an allowance account and the amount of the loss is recognised in profit a loss as part of provision for doubtful debts. When a trade receivable is uncollectable, it is written off against the allowance account for trade and other receivables.

Subsequent recoveries of amounts previously written off are credited against provision for doubtful debts in profit or loss.

#### (ii) Non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

#### (k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation taking into account the risks specific to the liability, its carrying amount is the present value of those cash flows.

#### **(I)** Service fee revenue

Service fees comprises the fair value of the consideration received or receivable for tuition fees, accommodation (which is either homestay or dormitory accommodation), obtaining visas for students and pre-enrolment language examinations in the ordinary course of the Company's activities. Service fees is dependent on the number of students enrolled by the parent company and other agents to undertake language learning courses. Revenue from service fees is shown net ofvalue added tax and is recognised when the service is provided. For in-house insurance revenue refer to Note 3(e)(i).

# **Notes to the financial statements**

For the year ended 31 December 2017

## 3. Significant accounting policies (continued)

### (m) Finance income and finance cost

Finance income and expenses comprises interest income on funds invested (held-to-maturity financial assets), interest payable on borrowings, foreign exchange gains and losses. Interest income or expense is recognised using the effective interest rate method. Foreign exchange gains and losses are presented net as either finance income or finance cost.

## (n) Dividend distribution

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

## (o) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except for items recognised directly in equity or other comprehensive income.

## (i) <u>Current tax</u>

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria is met.

### (ii) <u>Deferred tax</u>

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the budget of the Company and reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## (p) Operating leases

Leases in which a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

### (q) Comparative figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

For the year ended 31 December 2017

## 4. Standards issued but not yet effective

A number of new standards and amendments to the standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however the Company has not early adopted the following new or amended standards in preparing these financial statements.

## IFRS 15 Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The standard will provide a single source of requirements for accounting for all contracts with customers (except for some specific exceptions, such as lease contracts, insurance contracts and financial instruments) and will replace all current accounting pronouncements on revenue. New revenue disclosures are also introduced.

## IFRS 9 Financial Instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The standard partly replaces IAS 39 and introduces requirements for classifying and measuring financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

## Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

The amendment provides two optional solutions. One solution is a temporary exemption from IFRS 9, effectively deferring its application for some insurers. The other is an overlay approach to presentation to alleviate the volatility that may arise when applying IFRS 9 before the forthcoming insurance contracts standard. The amendments are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

### IFRS 16 Leases

IFRS 16 introduces a single, on balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

## IFRS 17 Insurance Contracts

IFRS 17 introduces a new measurement model for insurance contracts called the general measurement model. This model is based on a fulfilment objective and uses current assumptions. It introduces a single revenue recognition principle to reflect services provided and is modified for certain contracts. The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted only for companies that also apply IFRS 9 and IFRS 15.

The Company has not performed a preliminary assessment of the potential impact of adoption of the above new standards on these financial statements.

For the year ended 31 December 2017

#### 5. **Risk management**

#### (a) **Insurance** risk

Insurance contracts transfer risk to the insurer by indemnifying the policy holders against adverse effects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to contracts will be different to the amounts estimated at the time a product was designed and priced. The Company is exposed to this risk because the price for a contract must be set before the loses relating to the product are known. Hence the insurance business involves inherent uncertainty.

The Company's in-house insurance business is concentrated to the Japanese students who undertake English learning programs with the Company.

The Company does not reinsure, however has set aside \$1,000,000 in short term deposits for any unforeseen claims that may be made from the Company's in-house insurance scheme.

#### (b) **Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

## **Risk management framework**

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board requires that the management report provided to the Board every month contain a list of risks and opportunities. A risk register is maintained by the Company of all those risks identified and potential risks that the Company might be exposed to with regard to the changing business environment, legislation and all other known risks.

#### (i) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure.

### Trade and other receivables

Apart from a small portion, the majority of the Company's revenue is collected directly from its parent company, South Pacific Free Bird Company Limited (SPFB) and these receivables are of a short term nature. For service fees, SPFB invoices the students while the Company invoices SPFB at the end of each month.

In-house insurance premiums are collected upfront by SPFB from the students and remitted to the Company.

Immigration bonds are paid to the Department of Immigration for student visa's and these are refunded when the student departs the country. The Company's exposure to credit risk is minimal.

# **Notes to the financial statements**

For the year ended 31 December 2017

## 5. Risk management (continued)

(b) Financial risk management (continued)

## (i) Credit risk (continued)

## Trade and other receivables (continued)

The following table provides information regarding the ageing of the Company's trade and other receivables that are neither past due nor impaired and past due but not impaired:

	2017	2016
	\$	\$
Neither past due nor impaired	311,218	424,334
Past due 1-30 days	400	
Past due 31-60 days	250	- 1
Past due 61-90 days	11,780	3,810
Greater than 90 days	221,757	97,636
	545,405	525,780

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full. The amounts greater than 90 days relates to bonds paid to the Department of Immigration rental and other parties which will be refunded once the Company ceases to utilises the service provided by these parties.

## Cash and cash equivalents and held to maturity investments

The Company limits its exposure to credit risk by investing in term deposits or holding cash and cash equivalents with banks and other reputable financial institutions.

## (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables.

## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

Contractual cash flows					
31 December 2017	Carrying amount \$	Total \$	Up to 1 year \$	1-2 years \$	More than 2 years \$
Trade and other payables	190,580	190,580	190,580		
Payable to related parties	14,607	14,607	14,607	-	- 1
Interest bearing borrowings	915,052	1,048,872	286,056	286,056	476,760
	1,120,239	1,254,059	491,243	286,056	476,760

For the year ended 31 December 2017

## 5. Risk management (continued)

## (b) Financial Risk management (continued)

## (ii) Exposure to liquidity risk (continued)

	(	Contractual cash	flows		
	Carrying amount	Total	Up to 1 year	1-2 years	More than 2 years
31 December 2016	\$	\$	\$	\$	\$
Trade and other payables	228,411	228,411	228,411		-
Payable to related parties	47,439	47,439	47,439		-
Interest bearing borrowings	1,251,770	1,463,408	409,935	287,311	766,162
14.	1,527,620	1,739,258	685,785	287,311	766,162

## (iii) Market risk

Market risk is the risk that changes in market price such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective or market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

### Interest rate risk

The Company adopts a policy of ensuring that as far as possible its interest rate risk exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments.

### Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments is as follows:

	2017	2016
Fixed rate instruments	\$	\$
Financial assets		
Held to maturity investments	81,440	81,440
Cash and cash equivalents - short term deposits	1,200,689	501,231
Financial liabilities		
Interest bearing borrowings	(915,052)	(1,251,770)

## Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss therefore a change in interest rate at the reporting date would not affect profit or loss.

### Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue, cash and cash equivalents and borrowings are denominated and the respective currency of the Company. The functional currency of the Company is Fiji Dollar. Revenue, borrowings and cash and cash equivalents are primarily denominated in Japanese Yen.

The Company has a Japanese Yen bank account which it uses to receipt all revenue that are Yen based and for payments denominated in Yen. When settlements are required to be done in currencies other than the Japanese Yen, the Company uses forward rates from recognised banks for the purpose of settlement.

For the year ended 31 December 2017

## 5. Risk management (continued)

## (b) Financial risk management (continued)

## (iii) Market risk (continued)

## Exposure to currency risk

The summary quantitative data of the Company's exposure to currency risk is as follows:

	2017	2016
	Yen	Yen
Financial assets		
Trade receivables	15,153,400	13,240,934
Financial liabilities		
Interest bearing borrowings	54,524,200	75,093,861

The above amounts are in Yen as at 31 December.

The following significant exchange rates have been applied:

Year end spot rates		
2017	2016	
54.96	54.72	
	2017	

### Sensitivity analysis

A 10% strengthening (weakening) of the Yen against the Fiji Dollar at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Effect in FJD	Profit o	Profit or loss		et of tax
	Strengthening	Weakening	Strengthening	Weakening
31 December 2017				
Financial assets	27,572	(27,572)	25,065	(25,065)
Financial liabilities	(99,207)	99,207	(82,673)	82,673
31 December 2016				
Financial assets	24,198	(24,198)	(20,165)	20,165
Financial liabilities	(137,233)	137,233	114,361	(114,361)

The amounts in brackets above are debits and therefore losses in the income statement and decreases in equity.

### (c) Fair value estimation

The carrying value of trade and other receivables, trade and other payables and interest bearing borrowings are assumed to approximate their fair values.

For the year ended 31 December 2017

### 6. **Operating segments**

#### (a) **Basis for segmentation**

The Company's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Service fees	Provision of Language learning programs and facilitating high school and other educational products to international students.
In-house insurance	Writing of life, medical and travel insurance policies for international students undertaking tuition courses.

The Company's Chief Executive Officer reviews the internal management reports of each segment at least monthly.

#### (b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Free Bird Institute Limited evaluates performance on the basis of profit or loss from operations before income tax expense.

	Reportable segments		
2017	Service fees \$	In-house insurance \$	Total \$
External revenue and other income	5,359,053	896,178	6,255,231
Interest income		44,705	44,705
Interest expense	(78,042)		(78,042)
Depreciation expense	(98,340)		(98,340)
Segment profit before tax	994,598	1,90,690	1,185,288
Segment assets	4,142,537	1,017,446	5,159,983
Segment liabilities	1,163,009	210,392	1,373,401



For the year ended 31 December 2017

## 6. Operating segments (continued)

## (b) Informational about reportable segments (continued)

2016	Service fees \$	In-house insurance \$	Total \$
External revenue and other income	4,822,344	522,157	5,344,501
Interest income		15,714	15,714
Interest expense	(91,806)		(91,806)
Depreciation expense	(88,687)		(88,687)
Segment profit before tax	760,298	266,187	1,026,485
Segment assets	4,084,892	523,384	4,608,276
Segment liabilities	1,556,721	82,800	1,639,521

## (c) Major Customer

Service fees from South Pacific Free Bird Company Limited represents \$5,066,037 and 81% (2016: \$4,579,844 and 86%) of the Company's total revenues.

7.	In-house insurance premium	2017 \$	2016 \$
	Gross written insurance premium	963,538	627,025
	Less premiums refunded during the year	(51,517)	(45,682)
	Less unearned premium movement	(15,843)	(59,186)
		896,178	522,157
8.	In-house insurance claims		
	Gross in house insurance claims incurred	389,895	21,225
	Claims incurred but not reported	1,827	23,614
		391,722	44,839
9.	Commission expense		
	Commission expense	365,099	250,229
	Less prepaid commission expense movement	(6,628)	(23,384)
		358,471	226,845
10.	Direct operating expenses		
	Accommodation cost and supplies	11,152	10,868
	Classroom supplies	82,171	61,370
	Electricity and water	81,030	72,305
	Home stay fees	1,358,786	1,232,913
	Immigration and government fees	276,781	246,441

1,623,897

1,809,920

# FREE BIRD INSTITUTE LIMITED Notes to the financial statements For the year ended 31 December 2017

11.	Personnel expenses		2017	2016
	Wages and salaries	1.2	<b>\$</b> 48,422	<b>\$</b> 1,105,393
	Key management compensation		61,358	307,332
			36,136	30,734
	Contributions to Fiji National Provide		93,315	73,901
	Fiji National University Levy		11,967	20,539
	Other staff costs		4,883	5,722
		1,7	56,081	1,543,621
12.	Other expenses			
	Accounting fees		12,221	38,935
	Audit fees		17,500	13,500
	Advertising		20,926	1,122
	Bank charges		7,409	4,836
	Consumables		-	1,301
	Donations		-	36,500
	Directors' fees		22,565	12,000
	Education and training		7,634	4,520
	Freight, postage and courier		1,751	1,781
	Insurance		2,905	2,976
	License and rates		39,494	38,521
	Gain on sale of motor vehicle		(379)	(1,009)
	Meals and entertainment		17,301	11,559
	Motor vehicle expenses		16,723	17,407
	Non resident interest withholding tax		-	2,799
	Office expenses		38,355	31,982
	Other expense		5,707	9,258
	Printing & Stationery		16,556	5,754
	Professional fees		88,067	64,295
	Rent	1:	32,000	132,000
	Repair and maintenance		25,255	25,064
	Subscriptions		4,064	1,871
	Telephone and internet		51,944	40,027
	Travel & Accommodation		79,551	39,729

#### 13. st

Tuition

(a)

Finance	income	and	Inance	CO

Finance income		
Interest income	44,705	15,714
Unrealised foreign exchange gain	23,242	
	67,947	15,714

1,725

538,453

----607,549

# FREE BIRD INSTITUTE LIMITED Notes to the financial statements For the year ended 31 December 2017

13.	Finance income and finance cost (continued)		2017 \$	201
(b)	Finance cost			
	Interest expense on borrowings		78,042	91,80
	Realised foreign exchange loss		37,765	108,86
	Unrealised foreign exchange loss			66,71
			115,807	267,38
14.	Income tax			
			2017 \$	2016
(a)	Income tax expense recognised in the income statement			
	Current tax expense			
	Current year		117,400	220,793
	Utilisation of carry forward tax losses			(140,324)
			117,400	80,469
	Deferred tax expense			
	Origination and reversal of temporary differences		10,061	146,703
	Under provision of deferred tax in prior years		-	(30,767
	Effect of change in tax rate from 20% to 10%			5,686
			10,061	121,622
	Income tax expense		127,461	202,09
b)	Reconciliation of effective tax rate			
	Operating profit before income tax	12	1,185,288	1,026,48
	Prima facie income tax expense on profit before tax at 10% (20	16:20%)	118,529	205,29
	Tax effect of permanent differences		8 ,932	21,87
	Effect of change in tax rate for deferred tax assets and liabilities	S		5,686
	Under provision of tax losses in prior year			(30,767
	Income tax expense		127,461	202,09
c)	Recognised deferred tax (liability)/asset			1200
	Unrealised Foreign exchange (gain) / loss		(2,324)	6,672
	Property plant and equipment		(2,052)	(987
		1. 2	(4,376)	5,68
	Movement in temporary differences during the year			
		1 January 2017	Recognised in income	31 Decembe 2017
		\$	statement	2011
	Unrealised Foreign exchange (gain) / loss	6,672	(8,996)	(2,324
	Property plant and equipment	(987)	(1,065)	(2,052
		5,685	(10,061)	(4,376
		1 January	Recognised	31 Decembe
		2016	in income statement	2016
	Tax losses	109,557	(109,557)	
	Unrealised Foreign exchange (gain) / loss	17,750	(11,078)	6,672
	Property, plant and equipment		(987)	(987)
		127,307	(121,622)	5,685

In 2016 carry forward tax losses utilised was \$140,324 of which \$109,557 had been recognised as part of deferred tax asset.

For the year ended 31 December 2017

#### 14. Income tax (continued)

(d)	Income tax payable	2017 \$	2016 \$
	Opening balance	29,101	
	Current tax liability	117,400	220,793
	Utilisation of carry forward tax losses		(140,324)
	Payments made during the year	(114,979)	(51,368)
	Closing balance	31,522	29,101
15.	Cash and cash equivalents		

Cash on hand	740	1,336
Cash at bank	1,258,006	1,485,010
Short term deposits	1,200,689	501,231
Cash and cash equivalents in the Statement of Cash flows	2,459,435	1,987,577

Short term deposits amounting to \$1,000,000 (2016: \$1,000,000) have a maturity term of 3 months (2016: 3 months) and interest rate on these deposits is 4% (2016: 4%) per annum. Short term deposits amounting to \$200,689 (2016: \$1,231) represents an overnight account and interest rate on this deposit is 0.1% (2016: 0.1%).

			2017 \$	2016 \$
16.	Trade and other receivables			
	Receivable from South Pacific Free Bird - service fee	· · · · ·	271,221	232,638
	Receivable from South Pacific Free Bird - in-house insurance premium		40,866	10,284
	Receivable from Ba Provincial Free Bird Institute			61,283
	Immigration and other bonds		221,757	221,123
	Other receivables	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	11,561	452
			545,405	525,780
	Classified in the financial statements as follows:	Service dest		
	Current		460,976	413,726
	Non Current		84,429	112,054
			545,405	525,780
17.	Prepayments			
	Commission prepaid	1.	30,012	23,384
	Other prepayments		65,190	17,522
			95,202	40,906
18.	Held-to-maturity investment			
	Term deposits -current		31,440	31,440
	Term deposits -non current		50,000	50,000
			81,440	81,440

For the year ended 31 December 2017

## 18. Held to maturity investment (continued)

Term deposits will mature on 25 October 2018, 24 December 2020 and 17 August 2018 with interest rate between 2.5% to 3% per annum (2016: 25 October 2017, 24 December 2017 and 17 August 2018 with interest rate of between 1.7% to 3% per annum.)

In 2016, term deposits amounting to \$21,440 were held as registered security for immigration bonds guaranteed by the bank on behalf of the Company.

The Company has given the authority to approve and set off term deposits amounting to \$10,000 against credit card facility provided by the bank.

## 19. Property, plant and equipment

	Buildings	Motor vehicles	Walkway and Fence	Office equipment & Furniture	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at 1 January 2016	1,891,491	82,563	244,949	168,575	2,387,578
Additions	116,972	19,541		25,867	162,380
Disposals	-			(3,800)	(3,800)
Balance at 31 December 2016	2,008,463	102,104	244,949	190,642	2,546,158
Balance at 1 January 2017	2,008,463	102,104	244,949	190,642	2,546,158
Additions	4.460	14,587	244,345	92,993	112,040
Disposals		(9,270)		-	(9,270)
Balance at 31 December 2017	2,012,923	107,421	244,949	283,635	2,648,928
Depreciation					
Balance as at 1 January 2016	319,683	23,347	37,877	113,476	494,383
Depreciation charge for the year	48,685	18,060	6,121	15,821	88,687
Disposals	-		1.000	(3,800)	(3,800)
Balance at 31 December 2016	368,368	41,407	43,998	125,497	579,270
Balance at 1 January 2017	368,368	41,407	43,998	125,497	579,270
Depreciation charge for the year	50,230	20,362	6,124	21,624	98,340
Disposals		(7,183)	1.1	1	(7,183)
Balance at 31 December 2017	418,598	54,586	50,122	147,121	670,427
Carrying amount					
	1 571 000	50.216	207.072	EE 000	1 002 105
At 1 January 2016	1,571,808	59,216	207,072	55,099	1,893,195
At 31 December 2016	1,640,095	60,697	200,951	65,145	1,966,888
At 31 December 2017	1,594,325	52,835	194,827	136,514	1,978,501

# **Notes to the financial statements**

For the year ended 31 December 2017

20.	Trade and other payables	2017 \$	2016 \$
	Trade payables	19,678	19,625
	Accruals	108,627	161,561
	Withholding tax payable	987	13,062
	Other payables	48,208	20,138
	Service fees received in advance	13,080	14,025
		190,580	228,411
21.	Related party payable		
	Payable to South Pacific Free Bird Company Limited	14,607	47,439
	The above payables are unsecured and non interest bearing.		

## 22. Interest bearing borrowings

South Pacific Free Bird Company Limited	8	915,052	1,251,770
Disclosed as follows:			
Current		225,329	409,935
Non current		689,723	841,835
		915,052	1,251,770
		915,052	1,251,770

Borrowings from South Pacific Free Bird Company Limited are unsecured with monthly repayments of 1,310,138 Yen (2016: 1,310,138) with interest charged at a rate of 3% per annum (2016: 3% per annum).

The interest bearing borrowings have been recognised at their fair value on 1 January 2015, being the present value of the expected future cash flows, discounted using a market-related rate of 7.61% per annum. The difference between the fair value and the nominal value of the amount payable has been credited to Equity Contribution Reserve. Subsequent to 1 January 2015, the loan has been measured at amortised cost using the effective interest rate method over the term to maturity. The liability will increase over the life of the loan to maturity. This accretion in the liability is recognised in profit or loss as interest expense.

# **Notes to the financial statements**

For the year ended 31 December 2017

## 22. Interest bearing borrowings (continued)

## Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest bearing borrowings
Balance at 1 January 2017	1,251,770
Changes from financing cash flows Repayment of borrowings	(259,444)
Other changes Interest expense Interest paid	78,042 (34,928)
Offset of repayment against service fee	(122,624)
The effect of changes in foreign exchange rates	2,236
Balance at 31 December 2017	915,052

## 23. In-house insurance liabilities

Gross	Note	2017 \$	2016 \$
Claims incurred but not reported	(i)	1,827	23,614
Unearned premium	(ii)	75,029	59,186
Claims incurred but not paid		140,408	-
		217,264	82,800
Prepaid commission	17 / (iii)	(30,012)	(23,384)
Total liabilities, gross		187,252	59,416

Due to the short term nature of the insurance contracts all in-house insurance liabilities have been classified as current.

(i)

This represents a provision for claims incurred but not reported. This has been calculated as follows:

Number of days taken to notify claims x loss ratio x earned premium for the year 365 days

This calculation of IBNR was based on an Actuarial Review undertaken in the current financial year.

For the year ended 31 December 2017

23.	In-house insurance liabilities (continued)	2017 \$	2016 \$
(ii)	Unearned premium reconciliation		
	Balance at the beginning of the year	59,186	
	Gross premiums received during the year	963,538	627,025
	Premiums earned	(896,178)	(522,157)
	Premiums refunded	(51,517)	(45,682)
	Balance at the end of the year	75,029	59,186
(iii)	Prepaid commission reconciliation		
	Balance at the beginning of the year	23,384	
	Commission expense during the year	365,099	250,229
	Amortisation of costs to profit or loss	(358,471)	(226,845)
	Balance at the end of the year	30,012	23,384

## **Insurance contracts**

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. The Company has reviewed all the contracts issued to its students (policyholders) and concluded that they all meet the definition of insurance contracts.

The Company offers five different plans to its students based on the number of days a student would take the insurance cover for. All plans include four types of covers being travel domestic, travel international, medical and life.

		2017 \$	2016 \$
24.	Share capital		Ŷ
(a)	Authorised capital		
	20,000,000 Ordinary shares	20,000,000	20,000,000
(b)	Issued capital		
	2,000,000 (2016: 2,000,000)	2,000,000	2,000,000
	Shares of the Company do not have a par value.		
	Shareholders at 31 December:		
81	South Pacific Free Bird Company Limited (Japan)	1,461,241	1,500,000
	FHL Trustees Ltd	203,800	
	IBC Ltd (Japan)	62,500	-
	Capital Advisory Limited (Japan)	50,000	125,000
	Dilikoti Veisokoyaki	550	220,550
	Hiroshi Taniguchi		56,800
	Others	221,909	97,650
		2,000,000	2,000,000

For the year ended 31 December 2017

## 24. Share capital (continued)

## (c) Equity contribution reserve

The equity contribution reserve represents the difference between the nominal value of the amounts payable to related parties and their fair value. As the financing is provided by shareholders acting in their capacity as shareholders, the difference is treated as an equity contribution reserve.

## (d) Dividends

The following dividends were declared and paid by the Company for the year:

	2017 \$	2016 \$
5 cents per ordinary share out of profits for the year ended 31 December 2016	100,000	10.000
7 cents per ordinary share as interim dividend for the		
year ended 31 December 2017	140,000	14
	240,000	

## 25. Earnings per share

The calculation of earnings per share at 31 December 2017 was based on profit attributable to ordinary shareholders of \$1,057,827 (2016: \$824,394) and a weighted average number of ordinary shares outstanding of 2,000,000 (2016: 2,000,000) calculated as follows:

			2017 \$	2016 \$
Profit after income tax for the year			1,057,827	824,394
Weighted average number of shares outstanding	*±		2,000,000	2,000,000
Basic and diluted earnings per share			\$ 0.53	\$ 0.41

## 26. Related parties

## (a) Directors

The directors in office during the year were:

Hiroshi Taniguchi	Raman Velji (Resigned: 26/05/2017)
Mereseini Baleilevuka	Adi Litia Qionibaravi
Yoshinobu Higashi	Yoko Nameki (Appointed: 10/04/2017)
Waisale Iowane	Latileta Qoro (Appointed: 10/04/2017)

Directors fees are disclosed in Note 12.

## (b) Parent Company

The parent company of Free Bird Institute Limited is South Pacific Free Bird Company Limited, a private Company incorporated in Japan.

For the year ended 31 December 2017

## 26. Related parties (continued)

		2017 \$	2016 \$
(c)	Amounts (payable to) / receivable from related parties		
	South Pacific Free Bird Company Limited		
	Interest bearing borrowings (note 22)	(915,052)	(1,251,770)
	Other payables (note 21)	(14,607)	(47,439)
	Trade receivables (note 16)	312,087	242,922

## (d) Transactions with related parties

During the year, the Company entered into various transactions with related parties. The aggregate value of major transactions with related parties during the year is as follows:

South Pacific Free Bird Company Limited	2017 \$	2016 \$
Service fees	5,066,037	4,579,844
Commission expense	358,471	226,845
License fees for software use	36,550	36,550
Interest expense on borrowings	78,042	91,806
Repayment of principal on borrowings	259,444	88,325

## (e) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise of that entity).

During the year the following persons were the executives and who are also directors of the Company identified as key management personnel with the greatest authority and responsibility for planning, directing and controlling the activities of the Company:

Name Hiroshi Taniguchi Mereseini Baleilevuka Waisale lowane Title Chief Executive Officer Chief Operations Officer Chief Financial Officer

Key management compensation is disclosed under Note 11.

## 27. Operating leases

At the end of the reporting period, the future minimum lease payments for properties under operating lease are payable as follows:

For the year ended 31 December 2017

27. Operating leases (continued)	2017 \$	2016 \$
Less than one year	132,000	132,000
Between one and five years	429,025	483,025
Greater than five years	2,151,518	2,229,518
	2,712,543	2,844,543

On 28 August 2009, the Company entered into a land lease agreement for a term of 30 years expiring on 20/08/2039. Under the agreement, rent is payable at the rate of \$3,000 per month.

On 3 December 2009, the Company entered into a land lease agreement for a term of 50 years expiring on 3/12/2059. Under the agreement, rent is payable at the rate of \$3,500 per month.

The Company pays a monthly rental of \$4,500 to Sharma Holdings Limited for its office space. The rental agreement expires on 28/02/2021.

The total annual rental amounted to \$132,000 (2016:\$132,000).

## 28. Commitments

Capital commitments not otherwise provided for in the financial statements amounted to \$Nil (2016: \$Nil).

29. Contingent liabilities		2017 \$	2016 \$
	Immigration bonds given by Westpac on behalf of the Company	1,905	1,905

## 30. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and be in compliance with statutory requirements. In order to maintain or adjust the capital structure, the Company may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is calculated as equity as shown in the statement of financial position plus net debt. The gearing ratio of the Company at balance date is as follows:

	Note	2017 \$	2016 \$
Total borrowings	22	915,052	1,251,770
Less: Cash and Cash Equivalents	15	(2,459,435)	(1,987,577)
Net Debt		(1,544,383)	(735,807)
Total Capital		3,786,582	2,968,755
Gearing Ratio	1	(41%)	(25%)

## 31. Non cash financing activities

During the year interest bearing borrowings of \$122,624 was offset against the related receivable for service fees.

### 32. Subsequent events

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## Listing Requirements of the South Pacific Stock Exchange

(Unaudited and not included anywhere else in this Annual Report)

1. Shareholdings of those persons holding twenty (20) largest blocks of shares as required under section 6.31(iv) of the Listing Rules.

No	Shareholder Name	Number of shares	% of shares
1	South Pacific Free Bird Co Ltd	1,461,241	73.06%
2	FHL Trustees Ltd T/A Fijian Holdings Unit Trust	203,800	10.19%
3	IBC Co Ltd	62,500	3.13%
4	Capital Advisory Co Ltd	50,000	2.50%
5	Masayasu Muramatsu	50,000	2.50%
6	Toshikazu Torimoto	36,000	1.80%
7	Yoshinobu Higashi	25,000	1.25%
8	Patel Khatri Investments (Fiji) Ltd	11,095	0.55%
9	Jimaima T & Roland F Schultz	10,000	0.50%
10	Pravin Patel	8,000	0.40%
11	Shakuntla Prasad	8,000	0.40%
12	Suresh Prasad	8,000	0.40%
13	Namaka Public School	8,000	0.40%
14	Tutanekai Investments Limited	6,500	0.33%
15	Naulu Baleilevuka	6,279	0.31%
16	Yavusa Solia Trust	4,336	0.22%
17	Dilikoti Cagi	3,215	0.16%
18	Caifeng Kuang	3,126	0.16%
19	Maria I Mausio, Mue S Mausio & Tifere V Mausio ATF Hanisi Mue Mausio	2,033	0.10%
20	Coomberdale Limited	2,000	0.10%

2. A distribution schedule of each class of equity security setting out the number of holders and percentage as required under section 6.31(v) of the Listing rules.

Holding	No. of Holders	% holding
Less than 500 shares	62	0.44%
500 to 5,000 shares	29	1.83%
5,001 to 50,000 shares	12	11.34%
50,001 to 100,000 shares	1	3.13%
100,001 to 1,000,000 shares	1	10.19%
Over 1,000,000 shares	1	73.06%

## Listing Requirements of the South Pacific Stock Exchange (Continued)

(Unaudited and not included anywhere else in this Annual Report)

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3 Summary of key financial results for the previous five years of the Company as required under section 6.31(xii) of the Listing Rules

	2017	2016	2015*	2014	2013	2012
Net profit after tax	1,057,827	824,394	276,337	237,749	114,750	(1,150,060)
Current assets	3,047,053	2,473,649	1,445,030	1,110,747	763,637	650,900
Non-current assets	2,112,930	2,134,627	2,100,370	2,138,995	2,287,601	2,360,683
Total assets	5,159,983	4,608,276	3,545,400	3,249,742	3,051,238	3,011,583
Current liabilities	679,302	797,686	392,486	378,638	625,471	743,450
Non-current liabilities	694,099	841,835	1,008,553	1,258,317	1,050,729	1,507,843
Total liabilities	1,373,401	1,639,521	1,401,039	1,636,955	1,676,200	2,251,293
Shareholders' equity	3,786,582	2,968,755	2,144,361	1,612,787	1,375,038	760,290

\* The 2015 figures reflect the amounts shown in the comparatives of the 2016 audited financial statements which have been adjusted for the transition to full IFRS.



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# Corporate Directory

Registered Office:	Office 1, Level 1, Lot 13 Commercial Street Concave Subdivision, Namaka Nadi Fiji Islands T: +679 6720 379
Postal Address:	P.O Box 11065 Nadi Airport Fiji Islands
Campuses:	Namaka Campus Lot 3 Nasilivata Road Namaka, Nadi
	Lautoka Campus 20 Mission Place Lautoka
External Auditors:	KPMG Jetpoint Complex Queens Road, Martintar Nadi T: +679 6727 188
Company Solicitors:	Babu Singh & Associates 73 Sagayam Road Nadi Town T: +679 6703 499
Share Registry:	Central Share Registry Limited Level 2, Plaza 1 FNPF Plaza, 33 Ellery Street Suva T: +679 3304 130
Company Secretary:	Roqiqi Korodrau
Compiled by:	Waisale Iowane Chief Financial & Compliance Officer Free Bird Institute Limited
Design & Print:	Pasifika Communications 14 McGregor Road Suva T: +679 3307 000

# Notice of Annual General Meeting

Notice is hereby given that the 2018 Annual General of the members of Free Bird Institute Limited will be held on 25 May 2018 at 3pm at the Tanoa Skylodge in Nadi for the purpose of transacting the following business:

(Explanatory notes containing information in relation to each of the resolutions below accompany this Notice)

## Agenda

## **General Business:**

## **Minutes of the last AGM**

To receive, consider and adopt the Minutes of the last Annual General Meeting held on 26 May 2017 as a true and correct record of the meeting.

## **Ordinary Business**

## 1 Audited Financial Statements for the year ended 31 December 2017

To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2017 comprising of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, directors' report, statement by the directors and the Report of the Auditors together with the notes comprising significant accounting policies and other explanatory information for the year then ended.

## 2 Appointment and Retirement of Directors

To consider and if though fit; pass the following resolutions as ordinary resolutions:

## (a) Adi Litia Qionibaravi

Adi Litia Qionibaravi retires by rotation in accordance with Article 7.3 of the Company's Articles of Association and being eligible offers herself for re-appointment as a Director of the Company. (a)

### Yoko Nameki

Yoko Nameki retires by rotation in accordance with Article 7.3 of the Company's Articles of Association and being eligible offers herself for re-appointment as a Director of the Company

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## **Appointment of Auditors**

The board proposes that Messrs KPMG be reappointed as auditors of the Company until the next AGM and that the Board be authorised to fix their remuneration.

4

## **Dividend Declaration**

The Board recommends a final dividend of 2 cents per share for the year ended 31 December 2017.

5

## **Other Business:**

Any other business brought up in conformity with the Articles of Association of the Company.

By order of the Board of Directors.

Roqiqi Korodrau Company Secretary Dated this 27th day of April 2018

# Explanatory Notes

The following notes are intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the Notice of the Annual General Meeting.

The Directors recommend that all the Shareholders read these explanatory notes in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the Notice of Meeting.

## **1** Adoption of Financial Statements

The Audited financial statements for the year ended 31 December 2017 comprising of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, Reports of the Directors and Auditors included in the 2017 Annual Report is for the shareholders to read prior to the meeting.

As stipulated in section 401 of the Fiji Companies Act 2015, it is a requirement that the shareholders present at the AGM receive and adopt the Audited financial statements, reports of the directors and Auditors of the Company.

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask relevant questions about, or make comments on these reports. Shareholders will be given a reasonable opportunity to ask the Company/auditor questions about the conduct of the audit and the content of the Directors'/Auditor's Report. Questions that cannot be answered at the AGM needs to be addressed through a market announcement by the Company within a reasonable timeframe

## 2 Election of Directors

The Board proposes that Adi Litia Qionibaravi and Yoko Nameki be re-appointed as directors of the Company. The Board considers that each nominee possesses attributes necessary for the development of the Company.

The background of the existing board members are available the "Board of Directors" section of this Annual report.

## Adi Litia Qionibaravi

Adi Litia was initially appointed to the board on 14 July 2016 and re-elected at the 2017 AGM. She was admitted as a Chartered Accountant with the Fiji Institute of Accountants in 1984, a Barrister of the Supreme Court of New South Wales in 1993 and a Barrister/Solicitor of the High Court of Fiji in 1993 as well.

### Yoko Ishimoda Nameki

Yoko was appointed to the board on 10/04/17 and reelected at the 2017 AGM. She was the former General Manager in charge of the high school division with the parent company South Pacific Free Bird Co Ltd in Japan. Her work experience and knowledge of the Education sector in Japan spans for more than 12 years. She was also the Director of the Japanese Department of the SISA English Institute Inc in California, USA from 2008 to 2010. Mrs Nameki holds a Bachelor's Degree in Business Management from Fort Hays State University in USA.

## **3** Appointment of Auditors

The Board proposes that KPMG, who have provided their consent pursuant to section 425 of the Fiji Companies Act 2015, be appointed as auditors of the Company until the conclusion of the next AGM and that the Board be authorized to fix their remuneration.

Pursuant to section 422 of the Fiji Companies Act 2015, every company shall, at each annual general meeting, appoint an auditor to hold office from the conclusion of that, until the conclusion of the next annual general meeting.

## 4 Dividend Declaration

The Board recommends a final dividend of 2 cents per share from the profits of 31 December 2017. The Board had declared an interim dividend of 7 cents per share out of the six months profit at 30 June 2017. As a result, the total dividends declared from the profits of 2017 amounts to 9 cents per share.

Pursuant to article 11.1(a) of the Company's Articles of Association, the directors may declare a dividend, but the amount payable per share shall not exceed any amount stipulated by the Company in a general meeting.

# Proxy Form

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If you are unable to attend and vote at the meeting and wish to appoint a person to attend the meeting as your proxy, please complete this form. It is important to note that this form must be received by the Company 48 hours before the date and time of the AGM. Proxy forms received later than this will be invalid. A member entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a member of the Company. The completed proxy form may be:

Mailed to: The Company Secretary Free Bird Institute Limited P.O Box 11065 Nadi Airport Nadi, Fiji

Or emailed directly to the Company Secretary on email r.korodrau@fbi.ac.fj

I/We		
of		
Being a shareholder of Free Bird Institute Limited hereb	by appoint	
of		
or failing this, the Chairman of the meeting has my/our   Company to be held on 25 May 2018 and at my adjourni	proxy to vote for me/our behalf at the annual general mee ment thereof.	ting of the
As witnessed to my/our hand(s) this day of	2018.	
Name of shareholder :	Signature of shareholder :	
Name of witness:	Signature of witness:	
For Companies:		
Director/Company Secretary	Company Seal	

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Resolution	For	Against	Abstain
To adopt the minutes of the last Annual General Meeting held on 26 May 2017 as true and correct record of the meeting.			
To adopt the Audited financial statements for the year ended 31 December 2017 comprising of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, Reports of the Directors and Auditors.			
Ratification of appointment of Adi Litia Qionibaravi			
Ratification of appointment of Yoko Nameki			
Appointment of KPMG as Auditors for the ensuing year until the conclusion of the next AGM and that the Board fix their remuneration.			
Ratification of final dividend			
(Any other business in conformity with the Articles of Association)			

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy note to vote on that Resolution on a show of hands or on a poll and your vote will not be counted in computing the required majority on a poll. A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked, the proxy made vote as they choose. Where more than one box is marked on an item, the vote will be invalid on that item.

# Important Notice

Dear Shareholder

## Re: Service of Notices/Documents through electronic mode

The Fiji Companies Act 2015 ("the Act") now permits a Company to send documents such as annual reports or financial statements or notices such as Notice of Meetings of Members via electronic means. Section 143 of the Act stipulates that members will only receive documents or notices via such means if they choose or nominate this option. Members who choose this option will be able to access such information electronically on a website instead of receiving a hard copy of the said documents like Annual reports as stipulated under section 400 of the Act.

The transmission and use of paperless or electronic documents reduces the cost of printing and storage of printed documents. Your Company is committed to protect the environment by reducing our carbon footprint and we are adamant that you will support your Company with this initiative. In addition to this, choosing to receive or have access to documents and notices electronically gives you the added advantage of receiving such information from wherever you are and is a more convenient and faster method too.

All electronic documents and notices will be made available on the Company's website on www.fbi.ac.fj or on the South Pacific Stock Exchange website on www.spse.com.fj.

If you wish to receive all future notices and documents electronically instead of having the hard printed documents sent to you, please complete the Consent form below and send to us as follows:

- a) Scanned and emailed to r.korodrau@fbi.ac.fj
- b) Posted/ hand delivered to the company's registered address or to:

The Company Secretary Free Bird Institute Limited P.O Box 11065 Nadi Airport Fiji

If you wish to continue to receive the printed hard copies of all notices and documents instead of the greener option by electronic means, no action is required from you to this letter.

We look forward to your support and should you require any further information and or clarification on this matter, please do not hesitate to contact the Company Secretary.

Roqiqi Korodrau Company Secretary



# Consent Form

To: The Company Secretary Free Bird Institute Limited P.O Box 11065 Nadi Airport Fiji

Dear Roqiqi,

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I/We shareholder(s) of Free Bird Institute Limited, agree to receive all notices and documents including the Annual Report, Notice of General Meetings and other shareholders communication, from time to time, in electronic mode and to have access to such documents published on the Company website www.fbi.ac.fj or on South Pacific Stock Exchange website www.spse.com.fj.

Therefore, please register the email address provided below in FBL's records for sending the above communications to.

Name of shareholder:	
No. of shares held:	
Nominated email address:	
Alternate email address:	
Date:	
Place:	
Signature:	
For Companies:	

Director/Company Secretary

.....

Company Seal

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Office 1, First Floor, Lot 13 Commercial Street, Concave Subdivision, Namaka, Nadi, Fiji.

www.fbi.ac.f