



**Free Bird Institute Limited**  
**Market Announcement**  
Half Yearly Financial Statements  
30 June 2018

**Free Bird Institute Limited**  
Fiji Islands

# MARKET ANNOUNCEMENT

This market announcement contains the unaudited financial results of Free Bird Institute Limited (FBL) for the six months ended 30 June 2018. Where necessary, comparative results of the previous reporting period have been re-classed to maintain consistency with the current period reporting.

This market announcement has been authorised for issue on 1 August 2018.



**Mereseini Baleilevuka**  
Director



**Roqiqi Korodrau**  
Company Secretary



# Executive Chairman's Comments

On behalf of the Board, I am pleased to present to you the unaudited six months result of the Company for the period ended 30 June 2018. The year started off with a few challenges which included the decline in the overall student numbers by 14%. This was a result of various factors including the loss of a few experienced sales personnel in the parent company at the start of the year along with policy changes to student permits made by the Fiji Immigration Department. The Management is currently having discussions with the relevant stakeholders to address both matters in the best ways possible with very minimal impact to the business.

However, we were able to send 3 Fijian candidates to work at the Narita International Airport on 1 May 2018, as the direct result of the Mutual Services Agreement between FBL and the Narita International Airport Business Co Ltd (NAAB). In addition to this, we received the approval from the Reserve Bank of Fiji and Investment Fiji in the second quarter of the year to purchase Japanese Yen (JPY) from our students and staff and deposit this into the Company's JPY account. These new business opportunities boosted the Company's total income by 8.9% compared to the same period last year.

With the direct flights to Narita now also in operation by Fiji Airways, our parent company has been working to capitalise on this route to bring in more students. This direct flight would cut travel time by almost 8 hours and cut cost for our students, therefore our Executive Management teams have been in constant contact with several key personnels at Fiji Airways for mutual benefits in the promotion of this route so that not only our Institute but also Fiji becomes an even more affordable study abroad destination for our Japanese market.

We are glad to have closed off the 2017 financial year with the declaration of 2 cents per share in April resulting in a total return to the shareholders of 3.08%.

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



**Hiroshi Taniguchi**  
Executive Chairman

Dated this 1<sup>st</sup> day of August 2018.

# Chief Financial Officer's Comments

We are pleased to announce the results of the Company for the first six months which ended 30 June 2018. Despite the challenges faced by the Company in the first half of the year, the product integration and new business segment has resulted in the overall increase in the total revenue by 9%.

There was also an increase in the in-house insurance claims which comprised mostly of medical claims from students falling sick and therefore seeking medical attention during the first 6 months of the year. However, the total claims equate to only 10% of the total in-house insurance revenue for the period.

The increase in personnel expenses by 45% is reflective of the re-organisation and restructure of the Company from 1 January 2018 where all ESL teams that were managing the high schools were brought under FBL's high school department. These teams comprised of ESL teachers, administration staff and expatriate counsellors who look after the international students who attend the local high schools in Fiji namely, Ba Provincial Free Bird Institute, Jasper Williams High School and Ratu Navula Secondary School.

However, the company's profit from operations increased by 2% with Management's prudent control over the expenditures of the business. The increase in finance cost is a result of the stamp duty charges on the intercompany loan between FBL and its parent Company based on the principle amount on 1 January 2016 paid to the Fiji Revenue & Customs Services (FRCS). This ultimately resulted in the reduction of the underlying profit after tax by 4% in comparison to the same period last year

The total asset base of the Company for the first 6 months increased by 22% from December 2017 and by 21% from the same period last year with the continuous growth in the cash and cash equivalents for the business. The shareholders' equity grew by 15% from 31 December 2017 for the 6 months and by 24% from the same period last year as a result of the Company's profitability over the period.

We are positive for a stronger second half of the year as we continue to market the direct flights to Japan to our potential students.



**Waisale Iowane**

Director | Chief Financial Officer

Dated this 1<sup>st</sup> day of August 2018.

# Statement of profit or loss and other comprehensive income

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)		% Movements
<b>Revenue</b>				
Service fees	2,800,571	2,525,625	↑	11%
In-house insurance premiums	435,084	459,467	↓	-5%
Other income	28,237	6,101	↑	363%
	<u>3,263,892</u>	<u>2,991,193</u>	↑	9%
<b>Expenses</b>				
In-house insurance claims	(45,453)	(24,320)	●	87%
In-house insurance commission expense	(172,950)	(183,587)	●	-6%
Direct operating expenses	(868,777)	(938,148)	●	-7%
Depreciation	(52,760)	(47,848)	●	10%
Personnel expenses	(1,163,236)	(803,387)	●	45%
Other expenses	(236,136)	(282,597)	●	-16%
Total expenses	<u>(2,539,312)</u>	<u>(2,279,888)</u>	●	11%
Profit from operations	724,580	711,306	↑	2%
Finance income	16,751	19,314	↓	-13%
Finance cost	<u>(46,610)</u>	<u>(16,409)</u>	●	184%
<b>Profit before tax</b>	694,721	714,211	↓	-3%
Income tax expense	<u>(75,224)</u>	<u>(71,773)</u>	●	5%
<b>Net profit after tax</b>	<u><u>619,497</u></u>	<u><u>642,438</u></u>	↓	-4%

# Statement of Financial Position

	30 June 2018 (Unaudited)	31 December 2017 (Audited)	30 June 2017 (Unaudited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,208,580	2,459,435	2,313,806
Trade and other receivables	615,231	460,976	506,734
Prepayments	235,245	95,202	138,850
Held to maturity investments	10,000	31,440	31,440
Total current assets	<u>4,069,057</u>	<u>3,047,053</u>	<u>2,990,830</u>
<b>Non-current assets</b>			
Trade and other receivables	242,907	84,429	165,887
Held-to-maturity investments	50,485	50,000	50,000
Property, plant and equipment	1,937,793	1,978,501	1,980,935
Deferred tax asset	-	-	3,194
Total non-current assets	<u>2,231,185</u>	<u>2,112,930</u>	<u>2,200,016</u>
<b>Total assets</b>	<b><u>6,300,242</u></b>	<b><u>5,159,983</u></b>	<b><u>5,190,846</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	290,625	190,580	510,761
Payables to related parties	249,518	14,607	78,893
Interest bearing borrowings	225,324	225,329	291,142
In-house insurance liabilities	482,684	217,264	23,614
Current tax liabilities	61,264	31,522	37,311
Total current liabilities	<u>1,309,414</u>	<u>679,302</u>	<u>941,721</u>
<b>Non-current liabilities</b>			
Deferred tax liability	3,053	4,376	-
Interest bearing borrowings	621,697	689,723	737,929
Total non-current liabilities	<u>624,749</u>	<u>694,099</u>	<u>737,929</u>
Total liabilities	<u>1,934,163</u>	<u>1,373,401</u>	<u>1,679,650</u>
<b>Shareholders' equity</b>			
Share capital	2,000,000	2,000,000	2,000,000
Retained earnings	2,110,842	1,531,345	1,255,959
Equity contribution reserve	255,237	255,237	255,237
Total shareholders' equity	<u>4,366,079</u>	<u>3,786,582</u>	<u>3,511,196</u>
<b>Total liabilities and shareholders' equity</b>	<b><u>6,300,242</u></b>	<b><u>5,159,983</u></b>	<b><u>5,190,846</u></b>

# Statement of Cash flows

	30 June 2018 (Unaudited)	31 December 2017 (Audited)	30 June 2017 (Unaudited)
<b>Operating activities</b>			
Receipts from customers	2,575,543	5,258,750	2,293,829
Payment to suppliers and employees	(2,003,749)	(4,280,462)	(2,325,451)
In-house insurance premiums received	386,861	516,340	654,153
In-house insurance claims paid	(45,453)	(273,101)	(24,320)
Interest received	16,751	33,596	20,082
Interest paid	(46,805)	(114,979)	(41,245)
Income tax paid	(46,610)	(34,928)	(81,913)
<b>Net cash from operating activities</b>	<b>836,538</b>	<b>1,105,216</b>	<b>495,134</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	(12,053)	(112,040)	(61,894)
Proceeds from sale of property, plant and equipment	-	2,500	-
Investment in held to maturity investments	-	-	20,955
<b>Net cash used in investing activities</b>	<b>(12,053)</b>	<b>(109,540)</b>	<b>(40,939)</b>
<b>Financing activities</b>			
Repayment of interest bearing borrowings	(35,340)	(240,000)	(189,249)
Repayments received from related parties	(40,000)	(259,444)	61,283
<b>Net cash used in financing activities</b>	<b>(75,340)</b>	<b>(499,444)</b>	<b>(127,966)</b>
<b>Net increase in cash and cash equivalents</b>	<b>749,145</b>	<b>496,232</b>	<b>326,229</b>
Effect of movements in exchange rates on cash held	-	(24,374)	-
Cash and cash equivalents at the beginning	2,459,435	1,987,577	1,987,577
<b>Cash and cash equivalents at the end</b>	<b>3,208,580</b>	<b>2,459,435</b>	<b>2,313,806</b>

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