



**Free Bird Institute  
Limited**  
Market Announcement  
Half Year Financial Results  
30 June 2020

**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 period ended 30 June 2020. Where necessary, comparative results of the previous reporting period have been re-classed to maintain consistency with the current period reporting.

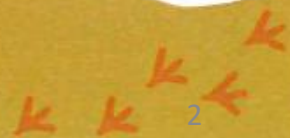
This market announcement has been authorised for issue on 17 July 2020.



**Mereseini Baleilevuka**  
Director



**Roqiqi Korodrau**  
Company Secretary



# Chief Financial Officer's Comments



This year has been and will be a very tough year for businesses including our own as we, like the tourism industry, face the impacts of the border closures as a result of this global pandemic. It has placed a huge amount of pressure on the Board and the Management to make unprecedented tough decisions in the business in the last couple of months.

Fortunately, the language students who come to study with us have an average study duration of 2-3 months, therefore, those who arrived between January to March this year would have had their departure dates 2-3 months from arrival and this is what we have seen translating into our revenue during the first six months of the year. In addition to this, we also have the high school students who come to Fiji to study for over a year, some even up to 4 years at local high schools, therefore, our revenue from this part of the business continued. However, as the borders closed at the end of March, we stopped receiving new students from offshore in the second quarter which resulted in the drop in our service fee & in-house insurance revenue by 23-24%.

With the lockdown in Lautoka in March, most of our students were unable to get on their return flight home after their studies. As a result, Management worked with the Ministry of Foreign Affairs in Japan and the company chartered an Airbus A330 with Fiji Airways to return students to Japan along with other nationals of other countries wishing to return home via Japan. This rare opportunity contributed to the increase in other income by 434% in comparison to the same period last year.

In response to the border closures and reduction in student numbers, Management implemented various cost cutting measures put in place progressively from April such as pay cuts in the form of reduced hours of work and operation, reduction of manpower, suspension of bonuses as well as negotiating with the various landlords for a review/reduction in rental payments. These measures have resulted in the overall decrease in expenses by 21% for the six months in comparison to the same period last year.

We continue to ensure prudent management of our expenses and cash flow during this time and pleased to note that despite the unprecedented challenges that the business has had to endure in the first six months of 2020, our net profit margin is at 20%, an increase by 3% in comparison with the same period last year. With Air NZ flights coming to Fiji in July, more students are returning home, which will see further reduction in the student numbers. Management is closely monitoring the movements and where necessary will continue to make decisions as it sees fit over the next coming months. Our financial position remains strong with an overall increase of 11% since December and an increase of 29% from 30 June 2019.

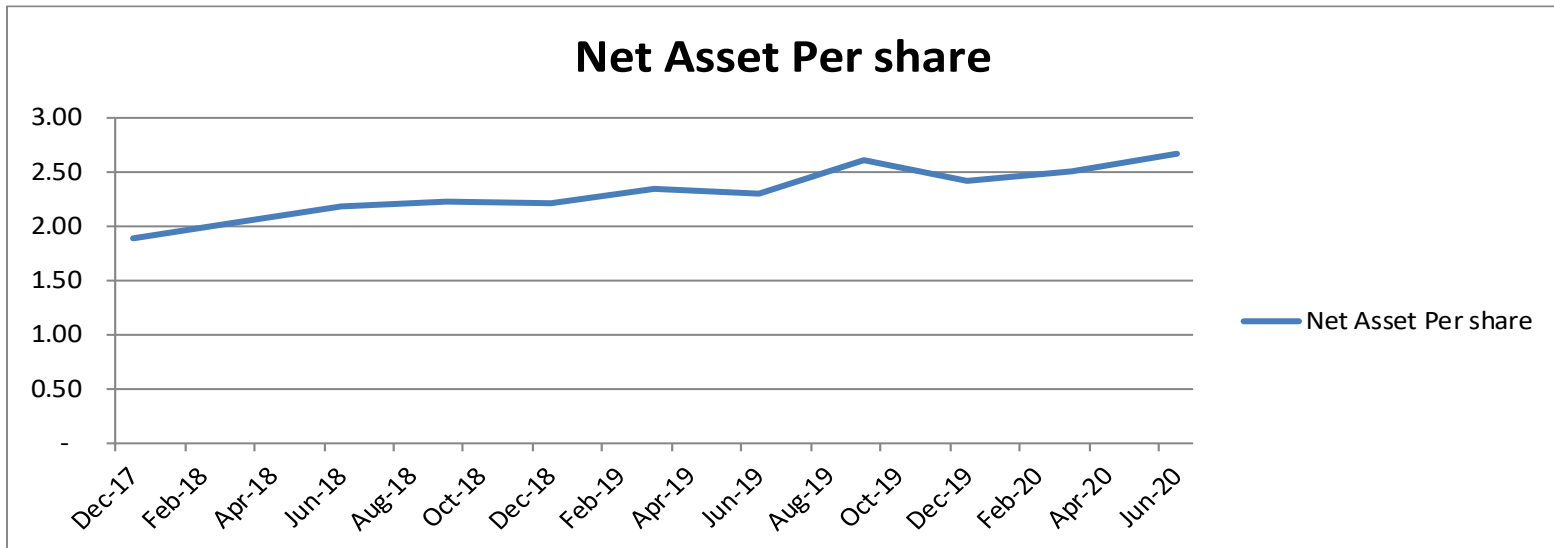
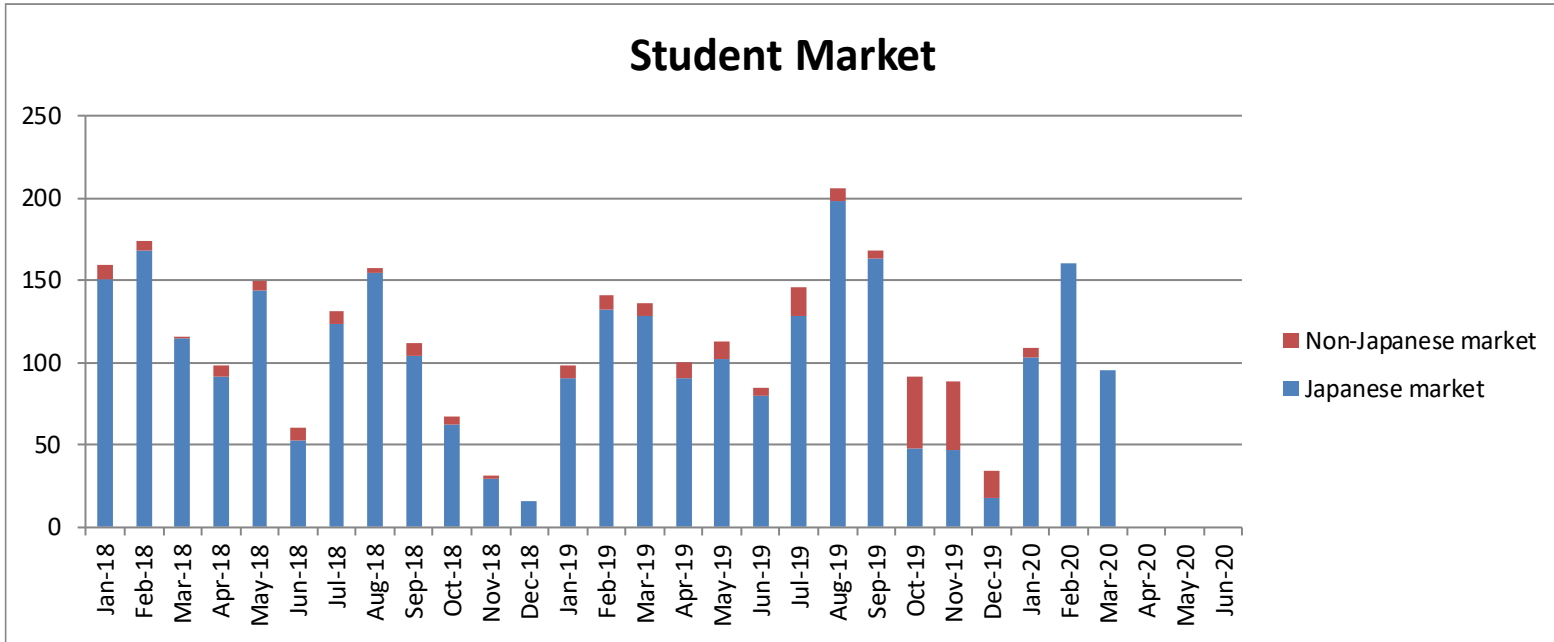
Our thoughts and prayers are with everyone who is being affected during this time and we would like to thank our Board, Management and staff for being very patient and understanding during this time.

**Waisale lowane**  
Chief Financial Officer

Dated this 17<sup>th</sup> day of July 2020.



# Brief Overview







# Statement of profit or loss and other comprehensive income

	Quarter 1 ended 31-Mar-20	Quarter 2 ended 30-Jun-20	Six months ended 30-Jun-20	Six months ended 30-Jun-19	Quarter 2 ended 30-Jun-19	Quarter 1 ended 31-Mar-19	6 Months 2020 vs 6 Months 2019	Q2-20 vs Q2-19	Q1-20 vs Q1-19
<b>Revenue</b>									
Service fees	981,652	956,009	1,937,661	2,542,431	1,400,957	1,141,474	↓ -24%	↓ -32%	↓ -14%
In-house insurance premiums	190,787	123,273	314,060	406,206	219,883	186,323	↓ -23%	↓ -44%	↑ 2%
Other income	18,572	173,707	192,280	35,988	18,921	17,067	↑ 434%	↑ 818%	↑ 9%
<b>Total revenue</b>	<b>1,191,011</b>	<b>1,252,989</b>	<b>2,444,001</b>	<b>2,984,625</b>	<b>1,639,761</b>	<b>1,344,864</b>	↓ -18%	↓ -24%	↓ -11%
<b>Expenses</b>									
In-house insurance claims	(8,497)	(7,058)	(15,555)	(34,825)	(22,812)	(12,013)	● -55%	● -69%	● -29%
In-house insurance commission expense	(76,519)	(48,943)	(125,462)	(161,338)	(87,120)	(74,218)	● -22%	● -44%	● 3%
Direct operating expenses	(336,272)	(264,442)	(600,714)	(781,185)	(419,964)	(361,221)	● -23%	● -37%	● -7%
Depreciation	(47,985)	(48,760)	(96,744)	(51,314)	(25,927)	(25,387)	● 89%	● 88%	● 89%
Personnel expenses	(450,344)	(422,075)	(872,419)	(1,083,499)	(628,009)	(455,490)	● -19%	● -33%	● -1%
Other expenses	(94,927)	(79,024)	(173,951)	(270,320)	(136,363)	(133,957)	● -36%	● -42%	● -29%
<b>Total expenses</b>	<b>(1,014,544)</b>	<b>(870,301)</b>	<b>(1,884,845)</b>	<b>(2,382,480)</b>	<b>(1,320,194)</b>	<b>(1,062,286)</b>	● -21%	● -34%	● -4%
Profit from operations	176,467	382,688	559,155	602,145	319,567	282,578	↓ -7%	↑ 20%	↓ -38%
Finance income	35,851	35,188	71,039	38,187	22,092	16,095	↑ 86%	↑ 59%	↑ 123%
Finance cost	(47,363)	(35,792)	(83,155)	(59,322)	(44,539)	(14,783)	● 40%	● -20%	● 220%
<b>Profit before tax</b>	<b>164,955</b>	<b>382,084</b>	<b>547,039</b>	<b>581,011</b>	<b>297,121</b>	<b>283,890</b>	↓ -6%	↑ 29%	↑ 5%
Income tax expense	-	(56,191)	(56,191)	(63,626)	(63,626)	-			
<b>Net profit after tax</b>	<b>164,955</b>	<b>325,893</b>	<b>490,848</b>	<b>517,385</b>	<b>233,495</b>	<b>283,890</b>	↓ -5%	↑ 40%	↓ -42%
Earnings per share	0.08	0.16	0.25	0.26	0.12	0.14	↓ -5%	↑ 40%	↓ -42%
Net profit margin	14%	26%	20%	17%	14%	21%	↑ 16%	↑ 83%	↓ -34%

**Key:-**

- ↑ Increase in revenue
- ↓ Decrease in revenue
- Decrease in expense
- Increase in expense

**Quarter 1 (Q1):** refers to the period January to March

**Quarter 2 (Q2):** refers to the period April to June

# Statement of Financial Position



	As at 30-Jun-20 (Unaudited)	Year ended 31-Dec-19 (Audited)	As at 30-Jun-19 (Unaudited)	Movements in 6 Months	Movements in 12 Months
<b>Current assets</b>					
Cash and cash equivalents	2,459,373	1,588,953	590,942	↑ 55%	↑ 316%
Trade and other receivables	387,130	675,095	1,159,639	↓ -43%	↓ -67%
Prepayments	126,324	71,734	107,477	↑ 76%	↑ 18%
Term deposits	1,740,466	1,740,466	10,308	↑ 0%	↑ 16784%
Current tax assets	18,587	36,727	-	↓ -49%	
<b>Total current assets</b>	<b>4,731,880</b>	<b>4,112,975</b>	<b>1,868,365</b>	↑ 15%	↑ 153%
<b>Non-current assets</b>					
Trade and other receivables	349,257	84,529	262,337	↑ 313%	↑ 33%
Term deposits	51,934	72,889	2,272,889	↓ -29%	↑ 100%
Financial assets	23,100	23,100	-	↑ 0%	
Right of use assets	1,116,772	1,153,708	-	↓ -3%	↑ 100%
Property, plant and equipment	1,866,024	1,869,719	1,920,480	↓ 0%	↓ -3%
Deferred tax asset	3,293	9,332	2,362	↓ -65%	↑ 39%
<b>Total non-current assets</b>	<b>3,410,379</b>	<b>3,213,277</b>	<b>4,458,068</b>	↑ 6%	↓ -24%
<b>Total assets</b>	<b>8,142,259</b>	<b>7,326,252</b>	<b>6,326,433</b>	↑ 11%	↑ 29%
<b>Current liabilities</b>					
Trade and other payables	133,466	326,887	307,227	● -59%	● -57%
Payable to related parties	707,851	154,868	47,621	● 357%	● 1386%
Interest bearing borrowings	283,479	283,479	225,324	● 0%	● 26%
In-house insurance liabilities	356,854	304,882	466,318	● 17%	● -23%
Lease liabilities	46,751	46,751	-	● 0%	● 100%
Current tax liability	-	31,523	23,441	● -100%	● -100%
<b>Total current liabilities</b>	<b>1,528,401</b>	<b>1,148,390</b>	<b>1,069,932</b>	● 33%	● 43%
<b>Non-current liabilities</b>					
Lease liabilities	1,122,232	1,137,404	-	● -1%	● 100%
Interest-bearing borrowings	161,375	201,057	398,770	● -20%	● -60%
<b>Total non-current liabilities</b>	<b>1,283,607</b>	<b>1,338,461</b>	<b>398,770</b>	● -4%	● 222%
<b>Total liabilities</b>	<b>2,812,008</b>	<b>2,486,851</b>	<b>1,468,702</b>	● 13%	● 91%
<b>Shareholders' equity</b>					
Share capital	2,000,000	2,000,000	2,000,000	↑ 0%	↑ 0%
Retained earnings	3,075,014	2,584,164	2,602,494	↑ 19%	↑ 18%
Equity contribution reserve	255,237	255,237	255,237	↑ 0%	↑ 0%
<b>Total shareholders' equity</b>	<b>5,330,251</b>	<b>4,839,401</b>	<b>4,857,731</b>	↑ 10%	↑ 10%
<b>Total shareholders' equity and liabilities</b>	<b>8,142,259</b>	<b>7,326,252</b>	<b>6,326,433</b>	↑ 11%	↑ 29%

**Key:-**

- ↑ Increase in asset/equity
- ↓ Decrease in asset/equity
- Decrease in liability
- Increase in liability

# Statement of Cash flows



	Six months ended 30-Jun-20	Year ended 31-Dec-19	Six months ended 30-Jun-19
<b>Operating activities</b>			
Receipts from customers	2,081,424	5,176,426	2,058,268
Payment to suppliers and employees	(1,812,255)	(4,441,080)	(2,031,225)
In-house insurance premiums received	111,158	499,123	142,178
In-house insurance claims paid	(15,555)	(98,026)	(34,826)
Interest received	102,685	84,390	16,960
Income tax paid	(32,012)	(195,914)	(25,511)
Interest paid	(26,941)	(47,100)	(109,455)
<b>Net cash from operating activities</b>	<b>408,504</b>	<b>977,819</b>	<b>16,390</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	(56,114)	(77,810)	(72,814)
Proceeds from sale of property, plant and equipment	-	8,000	-
Investment in term deposits	-	(530,466)	(1,000,308)
Investment in shares	-	(13,100)	-
<b>Net cash used in investing activities</b>	<b>(56,114)</b>	<b>(613,376)</b>	<b>(1,073,122)</b>
<b>Financing activities</b>			
Dividends paid	-	210,000	70,000
Advance from related parties	552,983	-	-
Repayments of interest bearing borrowings during the period	(39,682)	(264,411)	(127,126)
Payment of lease liabilities	(15,172)	(132,000)	-
<b>Net cash from/(used in) financing activities</b>	<b>498,129</b>	<b>(606,411)</b>	<b>(197,126)</b>
Net increase/ (decrease) in cash and cash equivalents	850,520	(241,968)	(1,253,858)
Effects of movement in exchange rates on cash held	19,900	23,777	37,656
Cash and cash equivalents at the beginning of the period	1,588,953	1,807,144	1,807,144
<b>Cash and cash equivalents at the end of the period</b>	<b>2,459,373</b>	<b>1,588,953</b>	<b>590,942</b>



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