



Free Bird Institute Limited
Market Announcement
Quarter 3 Financial Results
30 September 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 nine months period ended 30 September 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 11 December 2020.



Mereseini Baleilevuka
Director



Roqiqi Korodrau
Company Secretary



Chief Financial Officer's Comments



Our financial performance in the third quarter (Q3) of the year significantly dropped by 99% in comparison to the second quarter (Q2). This was largely driven by the continuous drop in the number of students that remained in Fiji. As Air New Zealand continued its weekly flights to New Zealand during this period, most of our students returned to Japan through Auckland driving our service fee revenue down by 47% in comparison to the second quarter. Accordingly, management restructured its man-power which saw a reduction in the personnel expenses by 31% in Q3 compared to Q2.

These past nine months have been quite challenging for the business as we saw more reductions in the hours of employees and having to stand down others from August as more students departed Fiji. The management has, however, continued its efforts to bring down costs with the net profit before tax margin at 19% in the first nine months in comparison to 20% for the same period last year.

We continued to ensure that we maintain a sustainable cashflow, despite the drop in our financial performance, we have been able to increase our cashflows by 19% from the end of the last financial year which is a result of the cost cutting measures put in place.

Subsequent to 30 September, we also received over \$300k in tuition fees for our Japanese Language School (JLS). This was received from the Japanese companies that we had partnered up with as part of our Human Recruitment business.

The collective efforts, understanding and support of staff and management has been quite incredible over this difficult period and we thank them for this. The Board has also approved for the increase of working hours from 4 January 2021 to 5 days for all staff and management to be able to cater for the arrival of the new students in December. Management & executives will continue to be on a 20% pay cut whilst all staff will return to full pay.

With restrictions in international travel still in place, there is still so much uncertainty for management to be able to accurately forecast what 2021 has for the business, however, we are confident that the approval from the Fiji government to bring in our students in December will provide the much needed boost not only to our business but to the Fijian economy as a whole.

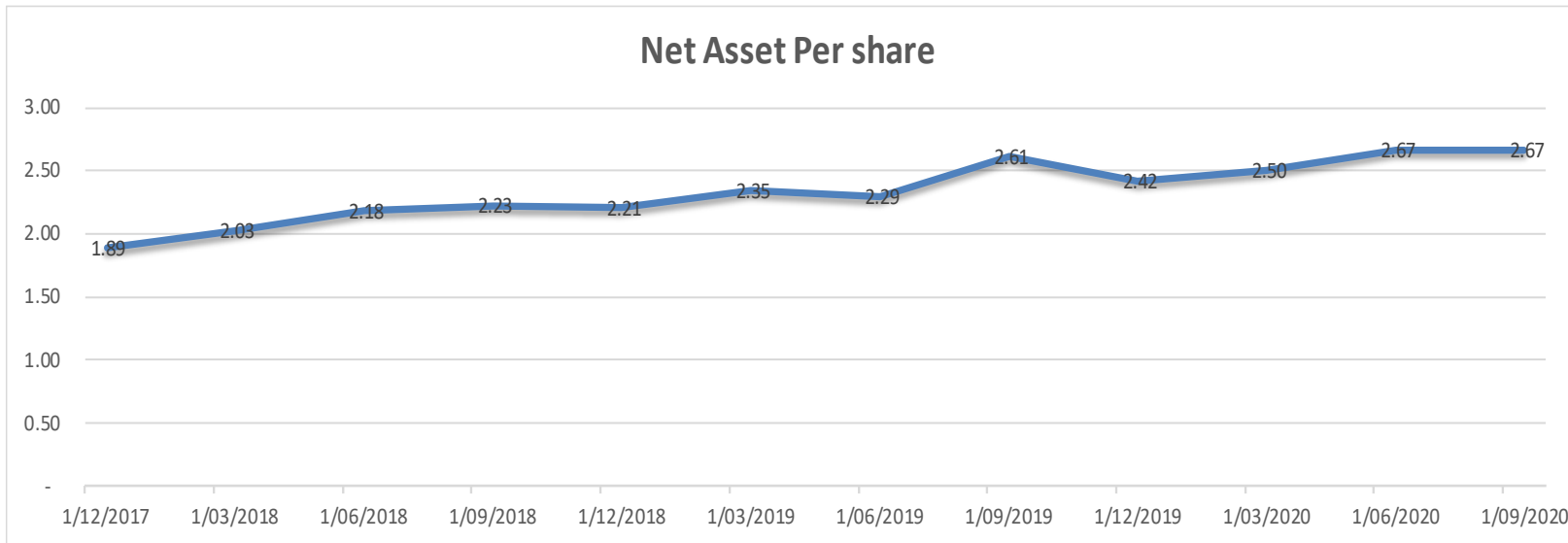
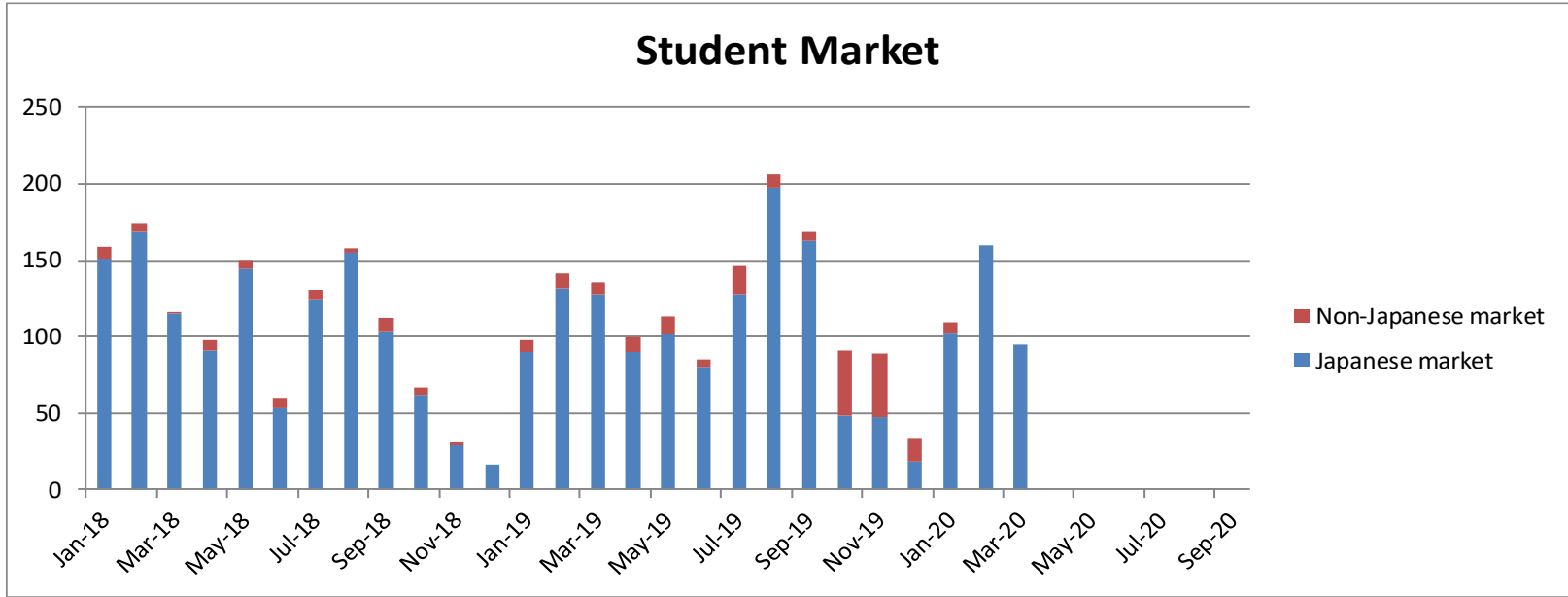
A handwritten signature in blue ink, appearing to read 'Waisale lowane', is located in the bottom left area of the page.

Waisale lowane
Chief Financial Officer

Dated this 11th day of December 2020.



Brief Overview





Statement of profit or loss and other comprehensive income

	Quarter 1 ended 31-Mar-20	Quarter 2 ended 30-Jun-20	Quarter 3 ended 30-Sep-20	Nine months ended 30-Sep-20	Nine months ended 30-Sep-19	Quarter 3 ended 30-Sep-19	Quarter 2 ended 30-Jun-19	Quarter 1 ended 31-Mar-19	9 Months 2020 vs 9 Months 2019	Q3-20 vs Q3-19	Q2-20 vs Q2-19	Q1-20 vs Q1-19				
Revenue																
Service fees	981,652	956,009	509,391	2,447,052	4,147,053	1,604,622	1,400,957	1,141,474	↓	-41%	↓	-68%	↓	-32%	↓	-14%
In-house insurance premiums	190,787	123,273	99,912	413,971	665,463	259,257	219,883	186,323	↓	-38%	↓	-61%	↓	-44%	↑	2%
Other income	18,572	173,707	1,964	194,244	68,802	32,813	18,921	17,067	↑	182%	↓	-94%	↑	818%	↑	9%
Total revenue	1,191,011	1,252,989	611,266	3,055,267	4,881,317	1,896,692	1,639,761	1,344,864	↓	-37%	↓	-68%	↓	-24%	↓	-11%
Expenses																
In-house insurance claims	(8,497)	(7,058)	(4,424)	(19,979)	(161,599)	(126,774)	(22,812)	(12,013)	●	-88%	●	-97%	●	-69%	●	-29%
In-house insurance commission expense	(76,519)	(48,943)	(39,840)	(165,302)	(263,593)	(102,255)	(87,120)	(74,218)	●	-37%	●	-61%	●	-44%	●	3%
Direct operating expenses	(336,272)	(264,442)	(167,956)	(768,670)	(1,250,970)	(469,785)	(419,964)	(361,221)	●	-39%	●	-64%	●	-37%	●	-7%
Depreciation	(47,985)	(48,760)	(47,968)	(144,712)	(79,125)	(27,811)	(25,927)	(25,387)	●	83%	●	72%	●	88%	●	89%
Personnel expenses	(450,344)	(422,075)	(290,120)	(1,162,538)	(1,733,499)	(650,000)	(628,009)	(455,490)	●	-33%	●	-55%	●	-33%	●	-1%
Other expenses	(94,927)	(79,024)	(51,785)	(225,735)	(419,207)	(148,888)	(136,363)	(133,957)	●	-46%	●	-65%	●	-42%	●	-29%
Total expenses	(1,014,544)	(870,301)	(602,093)	(2,486,938)	(3,907,993)	(1,525,512)	(1,320,194)	(1,062,286)	●	-36%	●	-61%	●	-34%	●	-4%
Profit from operations	176,467	382,688	9,173	568,329	973,324	371,179	319,567	282,578	↓	-42%	↓	-98%	↑	20%	↓	-38%
Finance income	35,851	35,188	27,893	98,932	79,215	41,028	22,092	16,095	↑	25%	↓	-32%	↑	59%	↑	123%
Finance cost	(47,363)	(35,792)	(35,060)	(118,215)	(109,005)	(49,683)	(44,539)	(14,783)	●	8%	↓	-29%	●	-20%	●	220%
Profit before tax	164,955	382,084	2,007	549,046	943,535	362,524	297,121	283,890	↓	-42%	↓	-99%	↑	29%	↑	5%
Income tax expense	-	(56,191)	-	(56,191)	(63,626)	-	(63,626)	-								
Net profit after tax	164,955	325,893	2,007	492,855	879,909	362,524	233,495	283,890	↓	-44%	↓	-99%	↑	40%	↓	-42%

- 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
Quarter 3 (Q3): refers to the period July - September

Statement of Financial Position



	As at 30-Sep-20 (Unaudited)	Year ended 31-Dec-19 (Audited)	As at 30-Sep-19 (Unaudited)	Movements from Dec 19 to Sep 20	Movements from Sep 19 to Sep 20
Current assets					
Cash and cash equivalents	1,890,008	1,588,953	1,118,651	↑ 19%	↑ 69%
Trade and other receivables	581,207	675,095	868,612	↓ -14%	↓ -33%
Prepayments	91,157	71,734	15,364	↑ 27%	↑ 493%
Term deposits	1,740,466	1,740,466	134,823	↑ 0%	↑ 1191%
Current tax assets	18,656	36,727	32,808	↓ -49%	↓ -43%
Total current assets	4,321,494	4,112,975	2,170,258	↑ 5%	↑ 99%
Non-current assets					
Trade and other receivables	327,140	84,529	285,195	↑ 287%	↑ 15%
Term deposits	51,934	72,889	2,251,934	↓ -29%	↓ -98%
Financial assets	23,100	23,100	-	↑ 0%	
Right of use assets	1,098,304	1,153,708	-	↓ -5%	
Property, plant and equipment	1,836,525	1,869,719	1,892,668	↓ -2%	↓ -3%
Deferred tax asset	3,293	9,332	2,362	↓ -65%	↑ 39%
Total non-current assets	3,340,295	3,213,277	4,432,159	↑ 4%	↓ -25%
Total assets	7,661,789	7,326,252	6,602,417	↑ 5%	↑ 16%
Current liabilities					
Trade and other payables	106,756	326,887	404,345	● -67%	● -74%
Payable to related parties	323,241	154,868	47,621	● 109%	● 579%
Interest bearing borrowings	225,324	283,479	225,324	● -21%	● 0%
In-house insurance liabilities	269,901	304,882	358,754	● -11%	● -25%
Lease liabilities	46,751	46,751	-	● 0%	
Current tax liability	-	31,523	-		
Total current liabilities	971,972	1,148,390	1,036,044	● -15%	● -6%
Non-current liabilities					
Lease liabilities	1,127,309	1,137,404	-	● -1%	
Interest-bearing borrowings	230,251	201,057	346,118	● 15%	● -33%
Total non-current liabilities	1,357,560	1,338,461	346,118	● 1%	● 292%
Total liabilities	2,329,532	2,486,851	1,382,162	● -6%	● 69%
Shareholders' equity					
Share capital	2,000,000	2,000,000	2,000,000	↑ 0%	↑ 0%
Retained earnings	3,077,020	2,584,164	2,965,018	↑ 19%	↑ 4%
Equity contribution reserve	255,237	255,237	255,237	↑ 0%	↑ 0%
Total shareholders' equity	5,332,257	4,839,401	5,220,255	↑ 10%	↑ 2%
Total shareholders' equity and liabilities	7,661,789	7,326,252	6,602,417	↑ 5%	↑ 16%

Key:-

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

Statement of Cash flows



	Nine months ended 30-Sep-20	Year ended 31-Dec-19	Nine months ended 30-Sep-19
Operating activities			
Receipts from customers	2,537,640	5,176,426	3,940,908
Payment to suppliers and employees	(2,367,228)	(4,441,080)	(3,415,090)
In-house insurance premiums received	192,630	499,123	380,541
In-house insurance claims paid	(19,979)	(98,026)	(161,599)
Interest received	103,375	84,390	24,762
Income tax paid	(32,081)	(195,914)	(150,671)
Interest paid	(38,429)	(47,100)	(36,979)
Net cash from operating activities	375,928	977,819	581,871
Investing activities			
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)	(1,001,853)
Investment in shares	-	(13,100)	-
Net cash used in investing activities	(56,114)	(613,376)	(1,074,667)
Financing activities			
Dividends paid	-	(210,000)	(70,000)
Advance to related parties	1,738	-	(38,806)
Repayments of interest bearing borrowings during the period	(28,961)	(264,411)	(164,763)
Payment of lease liabilities	(10,096)	(132,000)	-
Net used in financing activities	(37,318)	(606,411)	(273,568)
Net increase/ (decrease) in cash and cash equivalents	282,496	(241,968)	(766,364)
Effects of movement in exchange rates on cash held	18,559	23,777	77,871
Cash and cash equivalents at the beginning of the period	1,588,953	1,807,144	1,807,144
Cash and cash equivalents at the end of the period	1,890,008	1,588,953	1,118,651



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