

RESERVE BANK OF FIJI



**ADDRESS BY
GOVERNOR OF THE RESERVE BANK OF FIJI
BARRY WHITESIDE
AT THE LISTING OF FREE BIRD INSTITUTE LIMITED ON THE
SOUTH PACIFIC STOCK EXCHANGE**

Venue: Intercontinental Hotel, Natadola, 2 February 2017

Mr Hiroshi Taniguchi, Chair and Chief Executive Officer of Free Bird Institute Limited

The Board and Management Team of Free Bird Institute Limited

Dr Nur Bano Ali, Chair of the Board of the South Pacific Stock Exchange

Ms Latileta Qoro, Chief Executive Officer of the South Pacific Stock Exchange

Members of the Capital Markets Industry

Members of the Media

Invited Guests, Ladies and Gentlemen

Introductory Comments

Ni sa Bula Vinaka, “Konnichiwa” and a very good morning to you all!

I am delighted to be here today to officiate in the listing of Free Bird Institute Limited on the South Pacific Stock Exchange.

I understand that it has been the founding shareholder, Mr Taniguchi’s dream to see his company listed on a Stock Exchange so I congratulate the Institute for its perseverance in meeting all the necessary requirements for listing.

Less than a year ago, we witnessed the listing of Vision Investments Limited (VIL) and I noted at the time that it had been 5 years since there was any previous activity on the Exchange. It is certainly pleasing to now see a second listing in less than a year. I feel this reflects the increasing acknowledgement of

the benefits to be derived from participating in our small but developing stock market.

Background

Ladies and Gentleman, Free Bird Institute Limited is a company with its own unique business intentions and a true visionary in Mr Taniguchi at the helm.

I came to know about this gentleman several years ago when a Reserve Bank team comprising myself, some Board members and our Economics team came out west on one of our “meet the industry” trips. I was intrigued by the name of the institute and indicated to my team that we must make it a point to meet them. What did they do and where did the name “*free bird*” come from? Clearly it had nothing to do with poultry distribution as I soon found out!! Incidentally that west trip did include a visit with the Rooster Chicken people as well!! So we obviously had a comedian amongst our Economics team who made all the arrangements!

So, on that visit in 2013 I came to know that the Institute is an English language school catering to non-English speaking foreigners, who travel to Fiji, spend a little time with us and learn the language.

I am told the average length of stay is 10 weeks, with the programmes varying from 2 to 50 weeks. Many of these students will use their new skills acquired in Fiji to assist them in achieving their education and employment dreams across the globe. The Institute was established with the approval of the Ministry of Education in Fiji and its, mainly local, teaching staff are licensed by the Ministry.

From the day the Institute first opened its doors in 2004 up to the end of 2015, more than 15,000 students from 29 different countries have graduated not only

with their newfound English-speaking prowess, but with great experiences and memories of their time in Fiji. The key student source market over the years has been Japan.

In 2016 the total enrollment across the two campuses in Namaka and Lautoka was a little under 1,500. I understand there is also a smaller Ba Provincial Free Bird Institute.

Attracting young people from overseas to come to a strange land to study is not easy, especially when they do not speak the language! It can also be an extremely competitive business. However, it is clear that Mr Taniguchi has found the secret recipe in his “total immersion” approach for students.

I have been reliably advised that the Institute has been active in marketing Fiji as one of the best places to learn. I visited its website and was greeted by one of the most attractive taglines about Fiji which says, “*Study English in Islands Closest to Heaven*”. I thank the Institute for helping build on our niche education-tourism sector and supporting our most important foreign exchange earning industry. No doubt our Minister for Tourism will also be well pleased.

Listing of Free Bird Institute Limited

With 10 years of experience in Fiji now under its collective belt and an ever-growing international reputation as a respected English language educator, the Institute has now set its intentions of extending the opportunity to local investors to be part of its plans and aspirations going forward. Being the first company to be listed representing the education sector, today’s listing of Free Bird Institute Limited’s shares is an achievement to be celebrated and supported.

Ladies and Gentlemen, the company directors had initially approached the Reserve Bank and the South Pacific Stock Exchange back in 2014 expressing

their intention to get the company listed. With some information gaps identified, the company took it upon itself to understand the requirements, and implement necessary changes to its structure and plans, to ensure that it was ready to be listed, and that it would be able to continually meet listing requirements.

The company appointed Kontiki Capital Limited as its investment advisor to handle its listing application in May 2016, and the first draft Offer Document was submitted for our assessment in October 2016. Subsequent to numerous discussions to ensure that all relevant legislative and regulatory requirements have been adequately met, the Reserve Bank's approval was granted in December 2016.

Ladies and Gentlemen, today's launch highlights an important factor that is crucial to the growth of our economy and continued confidence in our financial system: this is the **partnerships between foreign and local investors**. The promotion of such collaboration is at the top of our list of national priorities as we seek to improve Fiji's standing in the ease of doing business assessment, and attract new foreign investment into our country.

We hope that today's launch sends a favourable message to potential foreign owned entities wishing to consider Fiji as an investment destination. Industry stakeholders and relevant regulatory agencies will continue to work together to develop the capital markets industry in Fiji and enable it to reach its potential, with the private sector driving economic growth.

The Fijian Economy

Before I conclude, allow me to share a few points on our economy.

2016 for most of us will go down as the year of severe tropical cyclone Winston. But through all the pain, suffering and hardship, we also saw the resilience of our

fellow Fijians to turn their lives around. We recognised the tremendous international, regional and domestic support and goodwill that was unparalleled in our lifetimes, and the efforts of Government, the public and private sectors, all with the one goal to turn the economy around. And then of course, across all that destruction and sadness, there was Rio, and the absolute joy it brought us when our 7's team won gold!

With all that happened last year, we still were able to post an estimated growth of 2 percent. That speaks volumes of our people.

For 2017 we are initially forecasting GDP growth at 3.6 percent.

The Fijian economy clearly remains on a recovery path as all the reconstruction work continues. Despite the setbacks from the natural disasters, consumption and investment activity have remained buoyant, signaled by positive trends in various partial indicators. Supportive fiscal measures, accommodative monetary policy settings, favourable labour market conditions and inflows of remittances and tourist earnings continue to boost consumer spending and investor sentiments.

Inflationary pressures in 2016 came largely from domestic supply side factors following the natural disasters. Inflation going forward in the near term is expected to continue to be domestically driven with any major downside risks stemming from adverse weather conditions, but also any sharp increases in international oil and food prices. For now, year-end inflation is projected at around 2.5 percent.

With the modest performance of Fiji's external sector, foreign reserves levels remain adequate, currently at \$1.9 billion, which is sufficient to cover 5.1 months of retained imports of goods and non-factor services.

Our financial system remains stable and continues to support the economy during this time of recovery. Bank lending has been reported at sustainable levels after a period of aggressive growth in the last 5 years. Non-performing loans as an indicator of the soundness of our financial system have been recorded at all-time lows. The performance of the insurance industry continues to be assessed as satisfactory even though the 2016 results of the general insurance sector will be significantly impacted by claims arising from the TC Winston insured losses.

Notwithstanding the current stable assessment of our economy, the Reserve Bank will of course continue to closely monitor global and domestic developments and assess likely vulnerabilities that may negatively impact our growth and the stability of our financial system.

Closing

In closing Ladies and Gentlemen, I take this opportunity to again acknowledge Free Bird Institute Limited for its strategic vision and perseverance towards achieving its listing aspirations. I congratulate Mr Taniguchi, the Board and staff for reaching this milestone in the company's journey in Fiji and wish you well as a listed entity.

Ladies and Gentlemen, I cannot leave you without making my usual regulatory statement to urge all potential investors to take the time to carefully peruse the Offer Document that has been prepared for this listing. Please ensure to conduct your own analysis and do seek professional advice from licensed investment advisers or stockbrokers on the suitability of investing in the stock market as per your objectives.

With that said, I now have much pleasure in officially declaring Free Bird Institute Limited as listed on the South Pacific Stock Exchange.

Arigato gozaimasu! Vinaka Vakalevu!

END.