

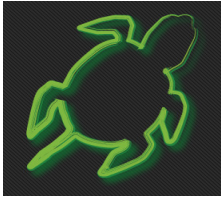


# PROFITS INCORPORATED SOCIETY LIMITED

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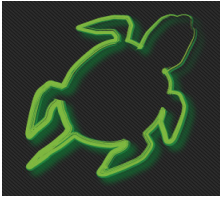
## SUMMARY OF PROFITS

For the year ended 31 March 2011



**Profits Incorporated Society Limited  
Summary of Profits  
For the Year Ended 31 March 2011**

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## **Profits Incorporated Society Limited Directors Report**

Gentlemen,

Welcome to the PISL directors report for the year ended 31 March 2011. It has been another fabulous year for the boys of PISL, going from strength to strength in the sole and unwavering pursuit of profits. Month on month, the profits roll in, and the portfolio continues to expand.

I am very pleased to highlight the headline figures, a very healthy 9.92% year end return, to give a total return since inception of 6.68%. Any accounting student knows, that if you have more assets than liabilities, you are doing well. Well, with an asset balance of \$9,288.30 and liabilities of \$8,650.00 we are indeed doing well.

The financial year also saw several of the PISL directors on the move. Mr. B. Luxton after leaving New Zealand and traveling the world now calls the UK home, as does Mr. D. Pritchard who has landed one of the most specialist jobs in the world, looking closely at seaweed, after completing his PHD. Mr M. Patterson bid farewell to Germany, said hello to New Zealand, and then shot off to the UK to combine with Messers Luxton and Pritchard to create a formidable UK arm of PISL.

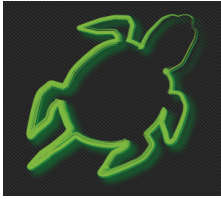
Mr. K. Haiden had a lateral move within Germany, as did Mr. G. Wright within Australia. Mr. V. Chan kept the New Zealand home office strong (and his golf handicap), and after a year on the move, Mr. M. Russell has now set him self back down on home soil once again.

Special thanks must be given to Mr. B. Luxton who has outdone himself with the preparation of the Accounts and the Annual Report for PISL, and Mr. M. Patterson who was voted chode of the year, for the second straight year. Mr. K. Haiden should be commended for his gallantry in admitting New Zealand is better at cricket than South Africa, and Mr. G. Wright given a hearty congratulations on his wedding to the lovely Amber Wright. At the time of writing Mr. V. Chan was in the lead of the Howick Golf Club champs, and Mr. D. Pritchard should be thanked for the brilliant website that is PISL.co.nz.

It has been my pleasure to provide the yearly roundup, and to do business with such a fine bunch of gentlemen. May it long continue.

For and on behalf of the directors  
Profits Incorporated Society Limited

Mark Russell  
08 May 2011



## Profits Incorporated Society Limited Investment Performance Summary

### Investment Performance

	2011	2010	Gain/Loss
Rakon Limited	728	627	16.2%
Westpac Banking Corporation *	1,652	1,706	-7.8%
Mainfreight Limited	2,128	1,509	41.0%
Origin Energy Limited	1,343	-	-2.6%
Barramundi Limited*	1,441	-	0.1%
Algae.Tec Limited	1,525	-	8.2%
<b>Investment Total</b>	<b><u>8,817</u></b>	<b><u>3,842</u></b>	<b><u>8.10%</u></b>

The gain/loss on investments is a net return for the period taking into account investment inflows and outflows.

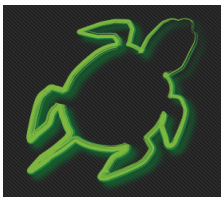
The total cost of investments at 31 March 2011 was \$8,180, (\$3,848 in 2010).

\* The Westpac Banking Corporation & Barramundi Limited investment values include the outstanding cash balance in the respective Dividend Reinvestment Accounts, \$4.58 (2011), \$4.94 (2010).

### Total Return

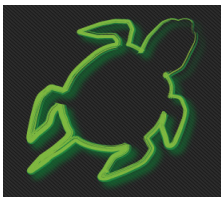
This is the return, based on the total funds available to the company. It is calculated based on the expected timing of cash flow, not actual. I.e. It assumes that all loan payments are received on the 1st day of each month and does not account for exceptions to this.

Total return for the year ended 31 March 2011	9.92%
Total return for the year ended 31 March 2010	-1.09%
Total return for the period ended 31 March 2009	0.06%
Total return since inception	<b><u>6.68%</u></b>



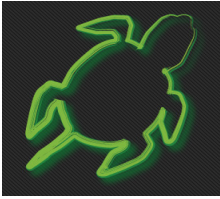
**Profits Incorporated Society Limited  
Statement of Financial Performance  
For the Year Ended 31 March 2011**

	Note	2011	2010
Income			
Interest		13.15	2.90
Dividends		164.38	34.20
Other		0.00	5.50
Total Income		<u>177.53</u>	<u>42.60</u>
Expenses			
Brokerage		110.35	60.00
Other		49.03	0.00
Total Expenses		<u>159.38</u>	<u>60.00</u>
Net Profit		<u>18.15</u>	<u>-17.40</u>
Tax Paid	(4)	<u>5.83</u>	<u>0.88</u>
<b>Net Profit After Tax</b>		<u><b>12.32</b></u>	<u><b>-18.28</b></u>



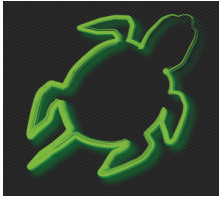
**Profits Incorporated Society Limited  
Statement of Movements in Equity  
For the Year Ended 31 March 2011**

	<b>Invested Capital</b>	<b>Investment Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at 1 April 2009	7.00	0.00	0.20	7.20
Net loss for the period			-18.28	-18.28
Change in Investments		-6.19		-6.19
Balance at 31 March 2010	<u>7.00</u>	<u>-6.19</u>	<u>-18.08</u>	<u>-17.27</u>
Balance at 1 April 2010	7.00	-6.19	-18.08	-17.27
Net Profit for the period			12.32	12.32
Change in Investments		643.25		643.25
Balance at 31 March 2011	<u>7.00</u>	<u>637.06</u>	<u>-5.76</u>	<u>638.30</u>



**Profits Incorporated Society Limited**  
**Statement of Financial Position**  
**As at 31 March 2011**

	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>			
Cash		471.52	790.80
Investments (cost)	(2)	8,179.72	3,848.12
Gain on Investments	(1)	637.06	-6.19
<b>Total Assets</b>		<b><u>9,288.30</u></b>	<b><u>4,632.73</u></b>
<b>Liabilities</b>			
Loans	(3)	8,650.00	4,650.00
<b>Total Liabilities</b>		<b><u>8,650.00</u></b>	<b><u>4,650.00</u></b>
<b>Equity</b>			
Invested Capital		7.00	7.00
Investment Reserve	(1)	637.06	-6.19
Retained Earnings		-5.76	-18.08
<b>Total Shareholders Equity</b>		<b><u>638.30</u></b>	<b><u>-17.27</u></b>
<b>Total Equity and Liabilities</b>		<b><u>9,288.30</u></b>	<b><u>4,632.73</u></b>



## Profits Incorporated Society Limited Notes to the Financial Statements

### Note 1 - General

We prepare our accounts on a cash basis. As such income, expenses, assets, and liabilities are only recorded when cash is received or payments are made. Therefore;

- Investments are recorded at their cost price. Changes in value are recorded in a separate account and reflected directly in equity. Gains or losses will only be recorded in the Statement of Financial Performance when all or part of an investment is sold. The investment performance summary which reflects the current value of each investments is included on page 3 of this report.
- Outstanding loan balances are the amounts received from the respective debtholder as at the report date.
- Tax is reported in the statement of financial performance as the amount paid during the current financial period and does not reflect the tax liability of the company. These balances are reconciled in Note 4, which includes the tax liability (or credit) of the company for the current financial period. Any outstanding tax liability will be paid and recorded in the following financial period.

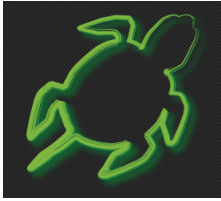
All amounts are stated in New Zealand Dollars unless otherwise noted.

### Note 2 - Investments

	2011	2010
Rakon Limited	1,000.14	1,000.14
Westpac Banking Corporation *	1,538.29	1,453.30
Mainfreight Limited	1,394.68	1,394.68
Origin Energy Limited	1,397.46	-
Barramundi Limited*	1,440.37	-
Algae.Tec Limited	1,408.78	-
<b>Total</b>	<b><u>8,179.72</u></b>	<b><u>3,848.12</u></b>

\* The Westpac Banking Corporation & Barramundi Limited investment values include the outstanding cash balance in the respective Dividend Reinvestment Accounts, \$4.58 (2011), \$4.94 (2010).





**Profits Incorporated Society Limited**  
**Notes to the Financial Statements**  
**Continued...**

**Note 3 - Loans**

	<b>2011</b>	<b>2010</b>
V Chan	1,300.00	700.00
K Haiden	1,250.00	650.00
B Luxton	1,250.00	650.00
M Patterson	1,250.00	650.00
D Pritchard	1,250.00	650.00
M Russell	1,250.00	650.00
G Wright	1,100.00	700.00
<b>Total</b>	<b><u>8,650.00</u></b>	<b><u>4,650.00</u></b>

**Note 4 - Income Tax**

	<b>2011</b>	<b>2010</b>
Opening Balance	0.97	0.09
Tax Paid	5.83	0.88
Tax Liability	28.50	0.00
Imputation Credits Applied	-28.50	0.00
Other	-0.97	0.00
<b>Closing Balance - Tax Credit / (Liability)</b>	<b><u>5.83</u></b>	<b><u>0.97</u></b>

**Note 5 - Imputation Credit Account**

	<b>2011</b>	<b>2010</b>
Opening Balance	0.00	0.00
Imputation Credits Received	56.67	0.00
Imputation Credits Applied	-28.50	0.00
<b>Closing Balance - Tax Credit / (Liability)</b>	<b><u>28.17</u></b>	<b><u>0.00</u></b>

