



PISL

PROFITS INCORPORATED SOCIETY LIMITED

For friendship, travel, and beers, we are in pursuit of **Profits**



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Profits Incorporated Society Limited
Directors Report

Shareholders, gentlemen, friends,

We did it!

I am pleased to report that the 2014/15 financial year has marked a watershed moment in the history of Profits Incorporated Society Limited: The first international Lustrum General Meeting (LGM), held on the resort island of Phuket, in Thailand.

Decisions were made at the LGM to increase the rate of contribution by shareholders to \$75 per month. Shareholder contributions will now be split evenly between high-risk high-profit stock investments and a somewhat more conservative, but nonetheless high-profit, "put it in the bank" strategy. Collectively, these pragmatic decisions will strengthen the LGM fund, allowing meetings to be held every four years and on milestone birthdays (2018, 2022 and 2024). The Directors believe that this solidifies PISL's position as New Zealand's premier mate-centric beer-based investments company and will continue to deliver the best value for our shareholders.

The investment decisions of each four year cycle will be made within the first 24-months and will fall to each director in turn. The order of this important responsibility was decided during the LGM using the latest in combined symbolical/numeric random ranking technology, resulting in the following order: Chan, Haiden, Wright, Patterson, Pritchard, Russell and, finally, Luxton.

The Directors faced, and answered, a number of probing questions while in Phuket: Is Siamsato a beverage fit for human consumption? No, it is a cariogenic death drink that no human should ever have to endure. Can one "schootch" without a quorum of PISL directors. No, by definition "schootching" is an activity only possible when four or more directors are present in the same scooting pack. Is Matthew Patterson still Chode of the Year? Yes, and always.

The new post-LGM system resulted in two potential investment rounds during the 2014/15 financial year. Mr Haiden took a strong lead on Synlait Limited, resulting in the first direct investment by PISL into the NZ milk industry and our first indirect investment into the destruction of New Zealand's waterways. Mr Chan's suggestion of "agriculture" supported by, and apparently based on, a baby photo, was not taken forward by the PISL CFO. This executive call by the CFO was backed by the other PISL directors, who reminded (and continue to remind) Mr Chan that it is difficult, if not impossible, to make an investment into an entire industry, without a more specific and well-researched suggestion.

Other investments have left PISL in a strong position at the end of the 2014/15 year, with a net return on investment of 3.58%. Surprisingly, the stand out performer this year was Rakon Limited, which added 80% to its 2013/14 value, bringing this stock surging back to greater than one third of the original purchase price. This was tempered by the continued abysmal performance of Algae.Tec Limited. The 48% decrease in value of Algae.Tec in the last financial year disappointed most market analysts, but was mostly in line with the expectations of those of us with a PhD in algal physiology and postdoctoral research experience in algal biofuels.

In other financial news, many of the PISL directors participated in the ALS Ice Bucket Challenge to raise money for research into motor neuron disease and related illnesses. This speculative foray into the philanthropic ice-based charity market has, so far, provided little in the way of monetary return. However, the PISL directors consider that this is an improvement over any stocks



that were exposed to the Luxembourgian bucket industry, which suffered a widely publicised catastrophic collapse in 2014, that prevented Mr Haiden from completing the Ice Bucket Challenge.

This year, the geographic diversity of the leadership team has been maintained. Mr Luxton and Mr Patterson continue to provide oversight of the London operations, while Mr Haiden provides pan-European support from his base in Luxembourg. Mr Wright continues in the Melbourne office and Mr Russell continues to anchor the New Zealand operation from the nation's capital in Wellington. The gradual drift towards the Northern Hemisphere has been reversed, however, with Mr Chan and myself moving to Melbourne (Australia) and Dunedin (New Zealand), respectively.

On a personal note, the PISL directors are also pleased to welcome a new member to our midst: Buddy McKenzie Wright born to PISL director and billion-share shareholder Grant Wright and his wife Amber. We extend our best wishes to Grant, Amber and Buddy and look forward to Buddy's first words and subsequent investment decision.

For and on behalf of the directors,
Profits Incorporated Society Limited



Dr Daniel Pritchard



Profits Incorporated Society Limited
Investment Performance Summary

Investment Portfolio Summary

	2015	2014	Gain/Loss
Rakon Limited	766	426	340
Westpac Banking Corporation	5,407	4,689	465
Barramundi Limited	1,868	1,540	187
Algae.Tec Limited	209	400	-191
Fletcher Buildings Limited	1,994	2,255	-261
Synlait Milk Limited	1,338	0	-164
Investment Total	<u>11,582</u>	<u>9,311</u>	<u>377</u>

Investments are quoted at the year end market value.

The total cost of investments at 31 March 2015 was \$12,270 (\$10,376 in 2014).

Total Return

Total return for the year ended 31 March 2015	3.58%
Total return for the year ended 31 March 2014	0.14%
Total return for the year ended 31 March 2013	7.42%
Total return for the year ended 31 March 2012	-9.99%
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	<u>1.64%</u>

Earnings/Asset Per Share (cents)

	2015	2014	Change
Earnings Per Share (EPS)	0.000004	0.000001	210%
Net Total Assets Per Share (NTA/S)	0.000221	0.000310	-29%



Profits Incorporated Society Limited
Statement of Financial Performance
For the Year Ended 31 March 2015

	Note	2015	2014
Interest		70	524
Dividends		478	562
Gain on Investment		0	-801
Total Income		<u>548</u>	<u>285</u>
Brokerage		30	64
Other		45	45
Total Expenses		<u>75</u>	<u>109</u>
Net Profit		<u>473</u>	<u>176</u>
Tax Paid	(4)	204	90
Net Profit After Tax		<u>269</u>	<u>87</u>

Profits Incorporated Society Limited
Statement of Financial Position
As at 31 March 2015

	Note	2015	2014
Cash	(6)	3,917	12,372
Investments (cost)	(2)	12,270	10,376
Gain on Investments	(1)	-689	-1,065
Total Assets		<u>15,499</u>	<u>21,683</u>
Loans	(3)	14,320	21,150
Total Liabilities		<u>14,320</u>	<u>21,150</u>
Invested Capital		7	7
Investment Reserve	(1)	-689	-1,065
Retained Earnings		1,861	1,591
Total Shareholders Equity		<u>1,179</u>	<u>533</u>
Total Equity and Liabilities		<u>15,499</u>	<u>21,683</u>



Note 1 – General

Accounts are prepared on a cash basis. Income, expenses, assets, and liabilities are recorded when cash is received or payments are made.

Investments are an exception, where based on current market values, the gain or loss is reflected in a separate balance sheet account. This is recorded directly in equity as Investment Reserve. Gains or losses on investment will only be recorded in the statement of financial performance when all or part of an investment is sold. The investment portfolio summary on page 4 details the year end market value of each individual investment.

The income tax reported in the statement of financial performance is the amount of tax paid during the current financial year and does not reflect the tax liability of the company. These amounts are reconciled in note 4.

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

Note 2 – Investments (Cost)

	2015	2014
Rakon Limited	2,002	2,002
Westpac Banking Corporation	3,845	3,593
Barramundi Limited	1,984	1,843
Algae.Tec Limited	1,409	1,409
Fletcher Buildings Limited	1,529	1,529
Synlait Milk Limited	1,502	-
Total	<u>12,270</u>	<u>10,376</u>

Note 3 – Loans

	2015	2014
V Chan	2,074	3,050
K Haiden	2,074	3,050
B Luxton	2,074	3,050
M Patterson	2,074	3,050
D Pritchard	2,074	3,050
M Russell	1,874	3,050
G Wright	2,074	2,850
Total	<u>14,320</u>	<u>21,150</u>



Note 4 – Income Tax

	2015	2014
Opening Balance	180	67
Tax Paid	-204	-90
Other Tax Credits	-59	-68
Tax Liability	113	270
Closing Balance – Tax Payable	<u>30</u>	<u>180</u>

Income tax paid to IRD during the year to 31 March 2015 was \$180 (2014 \$67).

Note 5 – Imputation Credit Account

	2015	2014
Opening Balance	473	319
Imputation Credits Received	263	154
Imputation Credits Applied	0	0
Closing Balance	<u>736</u>	<u>473</u>

Note 6 – Statement of Cash Flow

	2015	2014
Opening Balance	12,372	3,682
Receipts	156	39
Payments	-279	-174
Net Cash Flow from Operations	<u>-123</u>	<u>-135</u>
Receipts	0	4,875
Payments	-1,502	0
Net Cash Flow from Investments	<u>-1,502</u>	<u>4,875</u>
Receipts	5,600	3,950
Payments	-12,430	0
Net Cash Flow from Contributions	<u>-6,830</u>	<u>3,950</u>
Net change in cash	<u>-8,455</u>	<u>8,690</u>
Closing Balance	<u>3,917</u>	<u>12,372</u>







INVESTMENTS