



PISL

PROFITS INCORPORATED SOCIETY LIMITED

The good times never end. And neither do the Profits



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Profits Incorporated Society Limited
Directors Report

Dear Shareholders, profit enthusiasts,

Profits Incorporated Society Limited are excited to report on a successful 2016 financial year. Struggling through strong market headwind, PISL have broken through late in the financial year capitalising on recent market gains to finish strong with profits about to change from red profits to green ones.

It has been a year of recovery and investments for the turtle empowered men of PISL. The year started strong with Mr G Wright embarking on a new financial venture by purchasing Smartfonz (FNZ.NZ), an exchange traded fund (ETF) tracking the NZX 50. FNZ.NZ had capital gains of 10.9% by the end of the 2016 financial year and with a yield of 4.4%, FNZ.NZ is seen as a promising contributor to the PISL portfolio.

The most surprising of all investment selections has come from Mr. M Patterson which has shocked the investment world. Dubbed as the Director with no talent at all, shattered his haters' beliefs by selecting the highest achieving investment of 2016. In August 2016, Mr. M Patterson opted for Fisher & Paykel Healthcare (FPH.NZ). Timing is everything in this game and that's exactly what Mr. M Patterson beat. Since FPH.NZ's purchase, to the end of the 2016 financial year, PISL have relished the 32.5% gains on FPH.NZ.

Dr. D Pritchard, in a very uncharacteristic like manner, followed in his idols (aka Mr V TW Chan) footsteps by timing out on his investment selection late in 2015. Although Dr. D Pritchard timed out, he convinced the Directors of PISL by reflecting on the 2008 Mr. M Russell / Rakon disaster, that his contribution defaulting to savings in the bank will most likely result in better returns than with any investment that he may have selected.

The last investment for the year may in fact recover Mr. M Russell's reputation at the firm. Mr. M Russell contributed to PISL's portfolio by selecting ANZ Bank (ANZ.NZ) on the NZX. With an approximate 3.6% decrease in profit since its purchase, ANZ.NZ shows solid signs of a long term investment with a P/E Ratio of 9.4 and Dividend yield of 7.4%.

The updated Investment Selection Order (ISO):

Luxton (1), Chan (2), Haiden (2), Wright (2), Patterson (2), Pritchard (2), Russell (2).

On behalf of the PISL Directors, a formal apology must go out to the general public as the aforementioned investments are not reflected on the PISL award winning site, www.pisl.co.nz. The Director in charge Dr. D Pritchard has undertaken responsibility to save the planet with seaweed. How this will be done is utterly unclear, however, as one can imagine such a task takes great time and responsibility. We do promise to have the site updated in a timely manner in the following financial year.

Unfortunately, not everything in the PISL books are positive in 2016. The 2016 FY saw a 68.9% decrease (-390bps YoY) in good times which has resulted in a negative PDDBTR (PISL Directors Drinking Beer Together Ratio). Mitigating factors with Directors from the London and Luxembourg offices having a few drinks at the Quarterly Business Review (QBR) at the London Sevens should reduce the rate of decline in the PDDBTR. Furthermore, Mr. V TW Chan got engaged and is scheduled to marry in Czech Republic in June, 2016. Understandably most of the readers receiving this news for the first time will be perplexed by what they just read but our sources of this information are reliable and confirm these statements are true. Mr. B Luxton, Mr. M Patterson and Mr. K Haiden will be joining Mr. V TW Chan in Czech Republic for this joyous occasion.

In other corporate news, Investment opportunities in Saudi Arabia found Mr. M Patterson travelling to the Middle East to investigate the potential the market hold for PISL. To date, the PISL Directors are still waiting for the detailed analysis of the Saudi Arabian market opportunities. If not delivered by the next LGM, Mr. M Patterson will be subjected to an inquiry as speculation has grown amongst the PISL Directors that Mr. M Patterson unlawfully used PISL funds during travels to aid his personal shenanigans.

One of the Directors, whose name cannot be disclosed, coped copious amount of abuse after making a disappointing decision selecting an investment in Synlait Milk Limited (SML.NZ) instead of the tremendously successful A2 Milk Corporation (ATM.NZ) whose share price skyrocketed by over 150% in the financial period closing March, 2016. To date, SML.NZ has recovered from some early substantial market loses and as a results has seen the unnamed Director make a speedy recovery and is back to his regular awesomeness status. We applaud him for his strength and courage.



Mr. G Wright has reported that Mr. B Wright is showing signs of extraordinary talent and even after only 1 year of life Mr. G Wright feels that Mr. B Wright could become the 8th equalled partner Director of PISL. Although Mr. G Wright's motion is approved to be on the next LGM's agenda, both Mr. G Wright and Mr. B Wright's Director partnership in PISL is in jeopardy after an intensive internal audit of the PISL accounts show that Mr. G Wright's PISL contribution are behind schedule. This cannot and will not be tolerated by the Directors of PISL and appropriate punishment will be decided at the LGM.

On that note, PISL are at the midway point between their last LGM and the next scheduled LGM. Initial discussions have sparked great interest amongst the PISL Directors who are currently debating the next location of the LGM with even a proposal to change the year of the great event. Mr. M Russell brought forward in motion a proposal to hold one of the next PISL LGM's at the Great Barrier Office and although immediate positive feedback was given, a juridical procedure will be followed in the course of the upcoming months to conclude the next LGM's date and location.

Profits forever,

A handwritten signature in blue ink, appearing to be 'KH' with a stylized flourish.

Mr. Keith Haiden

* The PISL's director report was written under the premise derived from the quote "Once it's written, it's fact." – Mr. B Luxton, April 2016.



Profits Incorporated Society Limited
Investment Performance Summary

Investment Portfolio Summary

	2016	2015	Gain/Loss
Rakon Limited	532	766	-234
Westpac Banking Corporation	4,926	5,373	-887
Barramundi Limited	1,807	1,868	-214
Algae.Tec Limited	169	209	-40
Fletcher Buildings Limited	1,941	1,996	-122
Synlait Milk Limited	1,433	1,338	96
Smartfonz	1,696		166
Fisher & Paykel Healthcare	1,999		491
ANZ	1,450		-54
Investment Total	15,954	11,549	-798

Investments are quoted at the year end market value.

The total cost of investments at 31 March 2016 was \$17,440 (\$12,238 in 2015).

Total Return

Total return for the year ended 31 March 2016	-1.85%
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>0.94%</u>

Earnings/Asset Per Share (cents)

	2016	2015	Change
Earnings Per Share (EPS)	-0.000005	0.000009	-153%
Net Total Assets Per Share (NTA/S)	0.000294	0.000221	33%



Profits Incorporated Society Limited
Statement of Financial Performance
For the Year Ended 31 March 2016

	Note	2016	2015
Interest		80	70
Dividends		559	478
Total Income		<u>640</u>	<u>548</u>
Brokerage		90	30
Other		46	45
Tax Paid	(4)	49	204
Total Expenses		<u>185</u>	<u>279</u>
Operating Profit		<u>455</u>	<u>269</u>
Change in Investments		-798	377
Net Profit		<u><u>-343</u></u>	<u><u>646</u></u>

Profits Incorporated Society Limited
Statement of Financial Position
As at 31 March 2016

	Note	2016	2015
Cash	(6)	4,614	3,917
Investments	(2)	15,954	11,549
Other		38	33
Total Assets		<u><u>20,606</u></u>	<u><u>15,499</u></u>
Loans	(3)	19,770	14,320
Total Liabilities		<u>19,770</u>	<u>14,320</u>
Invested Capital		7	7
Investment Reserve	(1)	-1,487	-689
Retained Earnings		2,315	1,861
Total Shareholders Equity		<u>836</u>	<u>1,179</u>
Total Equity and Liabilities		<u><u>20,606</u></u>	<u><u>15,499</u></u>



Profits Incorporated Society Limited
Notes to the Financial Statements

Note 1 – General

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

The one exception to this is investments, which are recorded at the market price to reflect their current value. The gain or loss is recorded in a separate balance sheet account.

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)

	2016	2015
Rakon Limited	2,002	2,002
Westpac Banking Corporation	4,251	3,812
Barramundi Limited	2,137	1,983
Algae.Tec Limited	1,409	1,409
Fletcher Buildings Limited	1,598	1,531
Synlait Milk Limited	1,502	1,502
Smartfonz	1,530	-
Fisher & Paykel Healthcare	1,509	-
ANZ	1,504	-
Total	<u>17,440</u>	<u>12,238</u>

Note 3 – Loans

	2016	2015
V Chan	2,974	2,074
K Haiden	2,974	2,074
B Luxton	2,974	2,074
M Patterson	2,974	2,074
D Pritchard	2,974	2,074
M Russell	2,374	1,874
G Wright	2,524	2,074
Total	<u>19,770</u>	<u>14,320</u>



Profits Incorporated Society Limited
Notes to the Financial Statements (continued)

Note 4 – Income Tax

	2016	2015
Opening Balance	30	180
Tax Liability	97	113
Tax Paid	-49	-204
Other Tax Credits	-63	-59
Closing Balance – Tax Payable	<u>15</u>	<u>30</u>

Note 5 – Imputation Credit Account

	2016	2015
Opening Balance	736	473
Imputation Credits Received	112	263
Imputation Credits Applied	0	0
Closing Balance	<u>848</u>	<u>736</u>

Note 6 – Statement of Cash Flow

	2016	2015
Opening Balance	3,917	12,372
Receipts	80	156
Payments	-167	-279
Net Cash Flow from Operations	<u>-86</u>	<u>-123</u>
Receipts	0	0
Payments	-4,667	-1,502
Net Cash Flow from Investments	<u>-4,667</u>	<u>-1,502</u>
Receipts	5,450	5,600
Payments	0	-12,430
Net Cash Flow from Contributions	<u>5,450</u>	<u>-6,830</u>
Net change in cash	<u>697</u>	<u>-8,455</u>
Closing Balance	<u>4,614</u>	<u>3,917</u>





INVESTMENTS