



PROFITS INCORPORATED SOCIETY LIMITED

SUMMARY OF PROFITS

For the year ended 31 March 2012



**Profits Incorporated Society Limited
Summary of Profits
For the Year Ended 31 March 2012**

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Profits Incorporated Society Limited 2012 Directors Report

Gentlemen,

Having been voted "Chode of the year" for the second year in succession, albeit for reasons unbeknownst to me, it is my pleasure to write the PISL directors report for the year ended 31 March 2012. Our pursuit of profits has not wavered, however results have not been as strong as previous years, largely reflecting the mood of the global economy.

The financial year saw PISL's portfolio expand to a value (at cost) of \$12,576.06, as well as maintaining a healthy cash pile. Investment performance saw PISL give up most of the gains from the last financial year, with a total return of -9.99%. However PISL's portfolio has continued to diversify, placing the company in a strong position to benefit from eventual economic recovery.

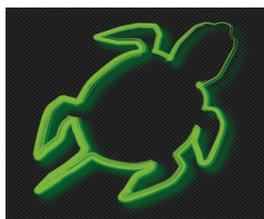
The globetrotting lifestyle of the PISL directors continued this year. Having spent much of last year in Edinburgh working for RBS, Mr B Luxton completed a move to London to take up a position with HSBC. Mr D Pritchard continued researching seaweed in Portaferry, however is now looking to combine that with work in the sunnier climes of the Gold (or following the 2012 Olympics perhaps more aptly renamed Bronze) Coast in Australia. Mr M Russell boldly gave up the corporate dream to work full-time for Adventure Artists and can currently be found in Queenstown, while Mr V Chan also moved on from Felton Industries to take an overseas holiday, although speculation abounds about a more permanent move to the Northern Hemisphere. Mr K Haiden continued his migration along the Rhine river, relocating to Dusseldorf, while Messrs G Wright and M Patterson continued their consulting roles in Melbourne and London respectively.

Special thanks must go to Mr B Luxton for again completing the PISL accounts and generally keeping the company running smoothly and Mr D Pritchard for ongoing maintenance of the company website. An honourable mention also goes to Mr V Chan for loaning \$50 more than the other directors to PISL for the second straight year.

On that note I conclude my directors report for the year. As always it has been a pleasure to do business with the PISL directors and I look forward to this fine work continuing into the coming financial year, which for the entire PISL directorship apart from Mr K Haiden will be the last before they enter their fourth decade.

PROFITS INCORPORATED SOCIETY LIMITED

Matthew Patterson
06 Aug 2012



Profits Incorporated Society Limited 2012 Investment Performance Summary

Investment Performance

	2012	2011	Gain/Loss
Rakon Limited	1,064	728	-38.5%
Westpac Banking Corporation *	3,117	1,652	-2.7%
Mainfreight Limited	-	2,128	12.9%
Origin Energy Limited*	1,318	1,343	-19.7%
Barramundi Limited*	1,224	1,441	-20.4%
Algae.Tec Limited	1,241	1,525	-18.6%
BHP Billiton	1,272	-	-10.2%
Fletcher Buildings Limited	1,490	-	6.0%
Investment Total	<u>10,726</u>	<u>8,817</u>	<u>-9.99%</u>

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 2012 was \$12,576, (\$8,180 in 2011).

* Westpac Banking Corporation, Origin Energy Limited, & Barramundi Limited investment values include the outstanding cash balance in the respective Dividend Reinvestment Accounts, \$18.91 (2012), \$4.58 (2011).

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 all loan payments are received on the 1st day of each month.

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>-2.47%</u>



**Profits Incorporated Society Limited
Statement of Financial Performance
For the Year Ended 31 March 2012**

	Note	2012	2011
Income			
Interest		3.55	13.15
Dividends		419.58	164.38
Gain on Investment		1,006.74	0.00
Total Income		<u>1,429.87</u>	<u>177.53</u>
Expenses			
Brokerage		158.17	110.35
Other		0.00	49.03
Total Expenses		<u>158.17</u>	<u>159.38</u>
Net Profit		<u>1,271.70</u>	<u>18.15</u>
Tax Paid	(4)	2.06	5.83
Net Profit After Tax		<u><u>1,269.64</u></u>	<u><u>12.32</u></u>



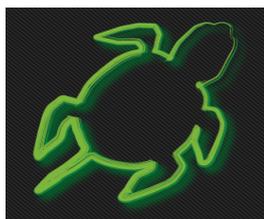
**Profits Incorporated Society Limited
Statement of Movements in Equity
For the Year Ended 31 March 2012**

	Invested Capital	Investment Reserve	Retained Earnings	Total
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>
Balance at 1 April 2011	7.00	637.06	-5.76	638.30
Net Profit for the period			1,269.64	1,269.64
Change in Investments		-2,487.23		-2,487.23
Balance at 31 March 2011	<u>7.00</u>	<u>-1,850.17</u>	<u>1,263.88</u>	<u>-579.28</u>



Profits Incorporated Society Limited
Statement of Financial Position
As at 31 March 2012

	Note	2012	2011
Assets			
Cash		1,694.82	471.52
Investments (cost)	(2)	12,576.06	8,179.72
Gain on Investments	(1)	-1,850.17	637.06
Total Assets		<u>12,420.72</u>	<u>9,288.30</u>
Liabilities			
Loans	(3)	13,000.00	8,650.00
Total Liabilities		<u>13,000.00</u>	<u>8,650.00</u>
Equity			
Invested Capital		7.00	7.00
Investment Reserve	(1)	-1,850.17	637.06
Retained Earnings		1,263.88	-5.76
Total Shareholders Equity		<u>-579.28</u>	<u>638.30</u>
Total Equity and Liabilities		<u>12,420.72</u>	<u>9,288.30</u>



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;

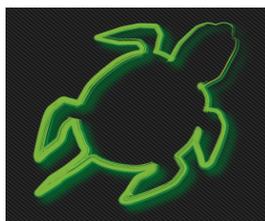
- Investments are recorded at their cost price. Changes in value are recorded on a separate line and is reflected directly in equity. Gains or losses will only be recognised in the Statement of Financial Performance when all or part of an investment is sold. The investment performance summary which details 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 reporting 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 (Cost)

	2012	2011
Rakon Limited	2,001.79	1,000.14
Westpac Banking Corporation *	3,085.06	1,538.29
Mainfreight Limited	-	1,394.68
Origin Energy Limited*	1,691.37	1,397.46
Barramundi Limited*	1,566.71	1,440.37
Algae.Tec Limited	1,408.78	1,408.78
BHP Billiton Limited	1,416.79	-
Fletcher Buildings Limited	1,405.56	-
Total	<u>12,576.06</u>	<u>8,179.72</u>

* Westpac Banking Corporation, Origin Energy Limited, & Barramundi Limited investment values include the outstanding cash balance in the respective Dividend Reinvestment Accounts, \$18.91 (2012), \$4.58 (2011).



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

Note 3 - Loans

	2012	2011
V Chan	1,900.00	1,300.00
K Haiden	1,850.00	1,250.00
B Luxton	1,850.00	1,250.00
M Patterson	1,850.00	1,250.00
D Pritchard	1,850.00	1,250.00
M Russell	1,850.00	1,250.00
G Wright	1,850.00	1,100.00
Total	<u>13,000.00</u>	<u>8,650.00</u>

Note 4 - Income Tax

	2012	2011
Opening Balance	-5.83	0.97
Tax Paid	-2.06	-5.83
Tax Liability	334.60	28.50
Imputation Credits Applied	-71.33	-28.50
Other	0.00	-0.97
Closing Balance - Tax Liability / (Credit)	<u>255.38</u>	<u>-5.83</u>

Note 5 - Imputation Credit Account

	2012	2011
Opening Balance	34.00	0.00
Imputation Credits Received	37.33	62.50
Imputation Credits Applied	-71.33	-28.50
Closing Balance - Tax Credit / (Liability)	<u>0.00</u>	<u>34.00</u>



rakon

