The fiscal year that ended in June 2016 was one of consolidation, definition, and practice. I'll return to this in a bit. First a word on each of the three operating companies: Gourmet Foods Ltd, Kahnalytics, and Brigadier Security Systems Ltd.

GOURMET FOODS, LTD.

Based in New Zealand, Gourmet Foods, Ltd. primarily bakes meat pies that it sells in gas stations and roadside convenience stores. We purchased the company at the beginning of the fiscal year for about NZ$2.55 million in cash. Since then, both David and I have visited the factory (David has been twice) to welcome Gourmet to the Concierge family, enabling us to get to know the employees and learn about the plans that the CEO, Bryce Cole, has developed.

Gourmet employees, I am happy to report, love the company, love what they do, and love each other. I know this for a fact because I took a blind survey of each employee. Two findings stood out. One was the answer to, "Have you ever observed or experienced any discrimination or harassment?" which unfortunately produced a positive response rate. We'll need to work on that. The other was a self-assessment, asking each employee about "Productive time spent working on the tasks assigned to me" Almost 90 percent of Gourmet employees answered that question positively. As someone who is always a harsh critic of his own work, I like it that the employees at Gourmet Foods have a good work attitude. We also need to improve communication throughout the firm, but that is something every company has to work on continuously.

Bryce's plans for long-term growth call for expanding the market for Gourmet's products, which come in two brands, Ponsonby Pies and Pat's Pantry, beyond roadside sales. The company will repackage the products, offering them in family sizes and increasing their presence in the freezer sections of supermarkets. This plan should produce many years of steady, slow growth. It should also increase profits more than proportionately. While Gourmet is already profitable, the company is only operating its factory at about 60 percent capacity. A large percentage of any increase in sales will therefore fall straight to the bottom line.

New Zealand is a wonderful country with amazing people and sights and a competitive advantage in the food industry. If you get the chance to travel to New Zealand, take it.

Thank you, Mike Fraser, of Link Business, who sent us this opportunity. Send us more!

KAHNALYTICS

The renamed remainder of Janus Cam, the business we sold to management last year, Kahnalytics produced practically no sales this year—but for a good reason. The company was changing its products from things to services. The things it used to offer: digital cameras for taxis. The services it now offers: big data analytics. Although the company is still working out the details, it will soon begin offering a digital camera that combines a GPS capability with an accelerometer. I know this sounds like a thing, not a service, but bear with me. The camera will use cell phone networks to connect to Kahnalytics servers. The camera would go into cars and trucks—and immediately begin accumulating valuable data. This brings us back to the real product, services. Kahnalytics will analyze the data, giving owners information on the speed and fuel efficiency of their vehicles, the safeness and reliability of their drivers, who is at fault in accidents, and more. Kahnalytics plans to sell the service on a subscription plan. Once customers install the system, we hope, they will keep it for years.

Since the company is changing its offerings so completely, Kahnalytics has for all practical purposes represented a startup. That wouldn't normally be something in which we would get involved. But the CEO of this division, our CFO, David Neibert, possesses great insight into this industry. He thinks we can make a go of it—and I think so highly of David's judgment that I'm willing to see where this takes us. My main concern? That if this project succeeds as well as David thinks it might, then David will be spending more of his time on Kahnalytics and less on Concierge. That would be a good problem to have.

BRIGADIER SECURITY SYSTEMS, LTD.

We finalized our acquisition of Brigadier Security Systems, Ltd. in June, near the end of the fiscal year. Brigadier has been providing alarm, security, and monitoring services to homes and offices in Saskatoon and Regina, two cities in Saskatchewan, Canada, since 1983. Started by two friends, Robert Freberg and Pat Thompson, Brigadier had grown to about 20 employees and CN$3.5 million in sales.

It had also become a respected brand—something that mattered a great deal to the founders. "Don't make us look bad," the founders told David and me when we visited (here again, David visited twice). "We shop at the same grocery stores as our customers. We don't want to get yelled at for something you did." David and I promised to make them look good.

Helping us keep this promise are Rob Ast (CEO), Helen Perry (Marketing and Sales coordinator), and Nicole Robinson (Budget Czar). These are exactly the same people who were so successfully running Brigadier on day to day basis before the purchase. The Brigadier business model is very similar to that of Kahnalytics. Sell and install a system—in this case, an alarm or camera system—then receive a regular fee or subscription for operating it.

Ian Houghton of Pacific Business Brokers in Vancouver brought Brigadier to our attention. Thank you. Robert and Pat, I know you gave Ian lofty goals, insisting on selling for a good price to an organization that cared about the company, its people, and its brand—not just a rollup firm that would outsource everything to Toronto. Ian achieved these goals and more.

CONSOLIDATION, DEFINITION, AND PRACTICE

At the beginning of this letter I said that this fiscal year was one of consolidation, definition and practice.

The **consolidation** was making real the idea of the conglomerate business model that I wrote about last year. We said we wanted to be a conglomerate. This year, in consolidating Gourmet Foods and Brigadier into Concierge, we became one.

The **definition** has involved refining what it means for us to be a conglomerate. Conglomerates hold collections of disparate businesses, but those businesses can have commonalities. The commonalities we'll be working on here at Concierge, we decided, are simple: We intend to own profitable, established businesses with management in place. No startups or turnarounds. While I love creating new businesses and saving enterprises in trouble, either would involve untold hours of hard work--attention to small details, personnel decisions, and marketing. That is no longer where my comparative advantage lies. I'm good at delegating such work, but my own value added now lies in finding and acquiring healthy companies.

Which brings me to **practice**. As the old joke goes, "How do you get to Carnegie Hall? Practice, practice, practice."

This has been my first full year as CEO of Concierge, and I spent a lot of time making sure we had the basics covered—basics such as filing reports with the Securities and Exchange Commission. Our reports have been accurate, but I'm sorry to say that we filed late more often than I would have liked. We need still more practice here. I expect to report better news on this item next year.

THE YEAR AHEAD

That wraps up the news for fiscal year 2015-2016. What do we see on the horizon for the fiscal year ahead? Two items: Continuing to invest in established business in which we can expect nice returns and improving our corporate governance which includes increasing our independent board and becoming listed on a major stock exchange.

We have already announced one new acquisition. In September Concierge announced it will be purchasing Wainwright Holdings Inc. for stock. Among other assets, Wainwright owns United States Commodity Funds and USCF Advisers, which manage exchange-traded funds or ETFs. On the date we announced this acquisition, Wainwright's total assets under management came to about $4.5 billion.

I know Wainwright especially well because I helped to found the company. For 20 years my friends Andrew Ngim, Robert Nguyen, and others operated Wainwright with the aim of making a living doing work that we liked with people we enjoyed. We succeeded far beyond our hopes. In recent years, however, we realized that our individual goals and tolerance for risk had diverged so much that we could no longer remain in one private, closely held firm.

Sell to a competitor? We could hardly have stomached that. To private equity or roll-up firm? We had worked too hard developing our own distinct corporate culture to see our firm become merely one of many in a giant portfolio or loaded up with debt. Go public? We looked into it but decided it would prove too expensive and time-consuming—and that it would produce the same pressures as selling the company to a private equity firm, namely, growth at any price.

What we needed was simply a new ownership structure that would enable us to retain operational control of the company while permitting shareholders to redeem their shares when they wanted. We found that in Concierge. And if this sounds like an advertisement for other firms that find themselves in our position, it is. There must be thousands of firms that, just like Wainwright, are profitable, established, and well-managed, but that for one reason or another—health, retirement, the changing of the generations—need a change of ownership. If you know of such a company, urge it to give Concierge a look.

Remember Victor Kiam? "I liked the shaver so much, I bought the company," he said of Remington Products. I liked Concierge so much, I sold my own firm to it for stock.

As for improving our corporate governance so we can list Concierge on a major stock exchange, we intend to add more independent directors. Also, since all the major domestic exchanges require a stock price of $4 or higher, we may also effect another reverse stock split. Look for both to happen in 2017.

That's it for now. If you ever have questions, feel free to email me directly at ngerber@conciergetechnology.net. I work for you.