

ASX Announcement

Demand against McKnight's Electrical (Wesley McKnight) - Geelong Simonds Stadium Project

9 January 2018, Melbourne Australia: Stokes Limited (ASX: SKS) updated the market on 1 December 2017 in relation to a potential debtor impairment provision to be booked in its half year results for the six-month period to 31 December 2017.

As the market was previously informed, Stokes Technologies Pty Ltd (**Stokes**), a wholly owned subsidiary of Stokes Limited, was engaged in August 2016 by McKnight's Electrical (**McKnight's**) to provide audio visual, MATV, public address, digital signage and broadcast services works (the **Work**) as part of the Stage 4 redevelopment of Geelong Simonds Stadium. The total value of the Works including contract variations was \$1,960,880 (exc. GST) of which \$1,899,662 (exc. GST) was fully taken up as revenue in the year ended 30 June 2017 following full performance by Stokes of all its contractual obligations. While McKnight's has paid Stokes' invoices to the value of \$758,145 (exc. GST), Stokes considers that there is presently \$1,202,735 (exc. GST) owing by McKnight's to Stokes against a series of invoices rendered for goods and services completed (the **Debt**).

In August 2017, Wesley McKnight (the principal and director of McKnight's) and a company associated with him provided Stokes with a Guarantee and Indemnity under which they agreed to guarantee part of the Debt, and grant a security interest in various collateral to secure payment of part of the Debt. The collateral encompasses equity interests in McKnight's Electrical Western Australia Pty Ltd (being a 40% ownership interest in a Western Australian electrical contracting business) and an equity interest in Ausenergy Trading Pty Ltd.

Stokes has been seeking to resolve the Debt however that has not occurred and accordingly Stokes has now made a written demand (giving 48 hours) under the Guarantee and Indemnity for the Guaranteed Moneys (\$800,000) and related security documents. If the demand is not met Stokes will consult with its lawyers in relation to commencing legal proceedings to enforce its rights.

The quantum of any debtor impairment provision to be booked in the half year results for the six-month period to 31 December 2017 will depend on the outcome of the above sequenced events.

For further information contact:

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About Stokes Limited

Stokes Limited (symbol SKS) is an ASX-listed company that has become a leading provider of innovative technologies, products and solutions in audio visual and lighting distribution to the commercial, education, retail, finance and construction markets.

For more information about Stokes please see www.stokes.com.au.

Leading provider of innovative technologies, products and solutions