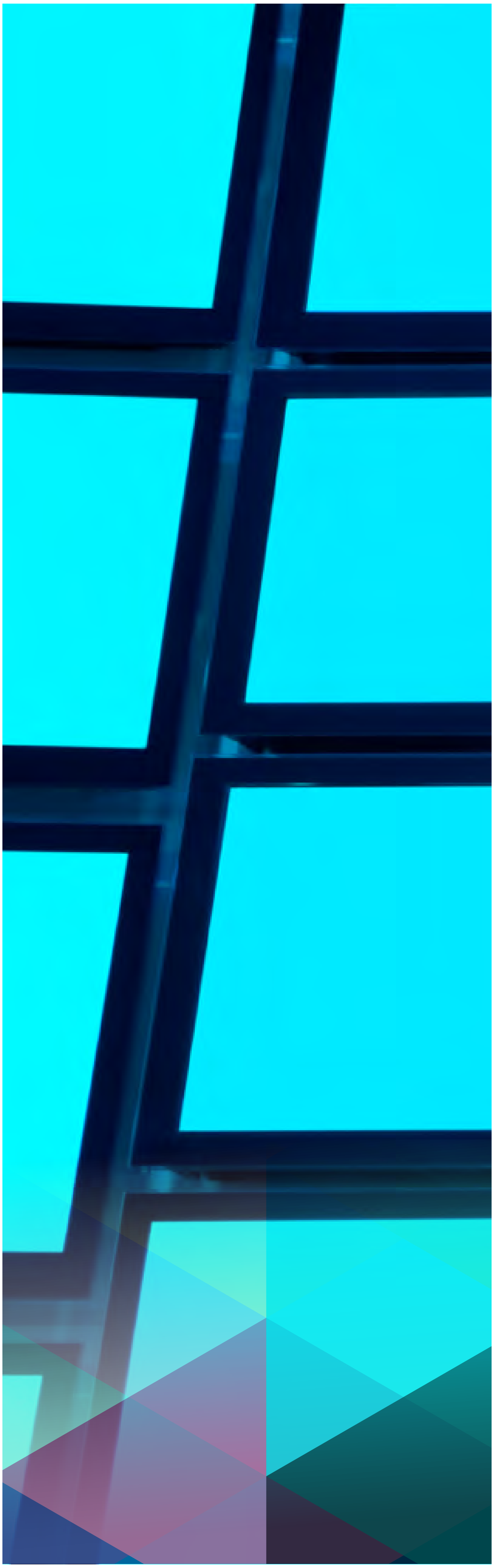
Stokes

Appliance Parts | Technologies | Service | Industrial

Annual Report 2014

'Stokes is a leading provider of technologies and service'

CONTENTS



'Stokes is a leading provider of innovative technologies and service, with offices and representatives throughout Australia, Asia and the Pacific. Alongside being a leading independent distributor of appliance spare parts, it has become one of the most experienced providers of commerical audiovisual, electrical and communications solutions'.

CHAIRMAN'S REVIEW

Following the first full year of the Boards appointment, I take great pleasure in reporting to you a very successful 2014 financial year. The objectives outlined at the onset of the new year enabled us to deliver on our expectations, which included the successful completion of both the appliance parts and industrial divisions restructuring, and having successfully launched the new technologies division.

The financial year began with the acquisition of 'ANZ Appliance Parts' and 'Janda Electrics'. These businesses have helped consolidate the appliance parts and services division adding scale and expertise. This was followed by a $2million capital raising and the completion of the restructuring program that had commenced in October 2012.

Moving into 2014, the technologies division started winning a number of major projects in both its audio visual and lighting divisions. The company's product and service offerings are aimed at the commercial and industrial markets, and we now have a pipeline of project opportunities which the company expects to deliver significant growth in 2015.

The audio visual industry is one of the fastest growing sectors in the commercial electrical sector, with corporates demanding increased technology and communication devices.

As a result of our increased focus within this division, we believe we have 'untangled' the value versus technology, versus quality equation by identifying the best-fit suppliers package into Stokes branded, off-the-shelf, pre-engineered audio visual hardware and software systems.

The lighting industry is also experiencing a renaissance with the emergence of quality and affordable low maintenance, low power consumption LED lighting driving many customers to upgrade and take advantage of the ever-increasing savings.

The technologies division is clearly the growth engine for Stokes and as a result the company raised a further $2.55million in June 2014. This will provide additional and necessary working capital funding to grow this division. Having only established the technology business in 2013, we have successfully achieved sales of $2.1million this financial year, the majority of which were achieved in the second half. The success of this division, still in its infancy, has much future potential and consequently management will be dedicating more time and resources over the coming year as we develop this exciting new business.

Sales for the year reached $15.6million up 19% on the previous year and the company reported a loss of $146,617 after expensing $249,000 of restructure costs.

We are looking forward to another productive year with an experienced and motivated management team keen to deliver ever-improving results.

Mr Peter Jinks
Non-Executive Chairman

‘Stokes reports a breakthrough year; with restructuring now complete, two acquisitions, two capital raisings, an additional city-fringe office, on-line appliance parts sales reaching 20%”, major contract wins in the ‘Technologies’ division – a division shaping as a future growth engine of Stokes’.

MANAGING DIRECTORS' REVIEW

Dear shareholders,

I am pleased to report an excellent result in 2014 highlighted by the completion of the restructuring program and the immediate successes of the technologies division.

During the past year we successfully launched both our 'AV Complete' and 'AV Solutions' product ranges and our lighting division has won large commercial orders on the back of high quality energy efficient LED lighting products.

Stokes now have a number of LED lighting products certified and will continue to undertake certification processes as we expand our range. We also have a number of audio visual products and accessories under development enhancing the already substantial product offering.

I am also pleased to advise we have established a new city fringe office in West Melbourne, which houses our technologies division currently comprising 10 key staff. The recruitment of highly talented, industry experienced and outcome driven employees is and will continue to be a key driver of the business as we look to increase the size of the technologies division and grow our existing team.

The divisions of appliance parts and industrial manufacturing have undergone a top to bottom restructure resulting in significant staff and fixed cost reductions alongside a substantial operating improvement in these divisions.

Much focus was placed on improving the companies IT systems and with new operating platforms and e-commerce websites the business is now able to operate smoothly and efficiently with a structure in place that can facilitate growth. A key feature has been the vastly improved on-line presence with 20% of our appliance parts sales now transacted online, with this number increasing every month.

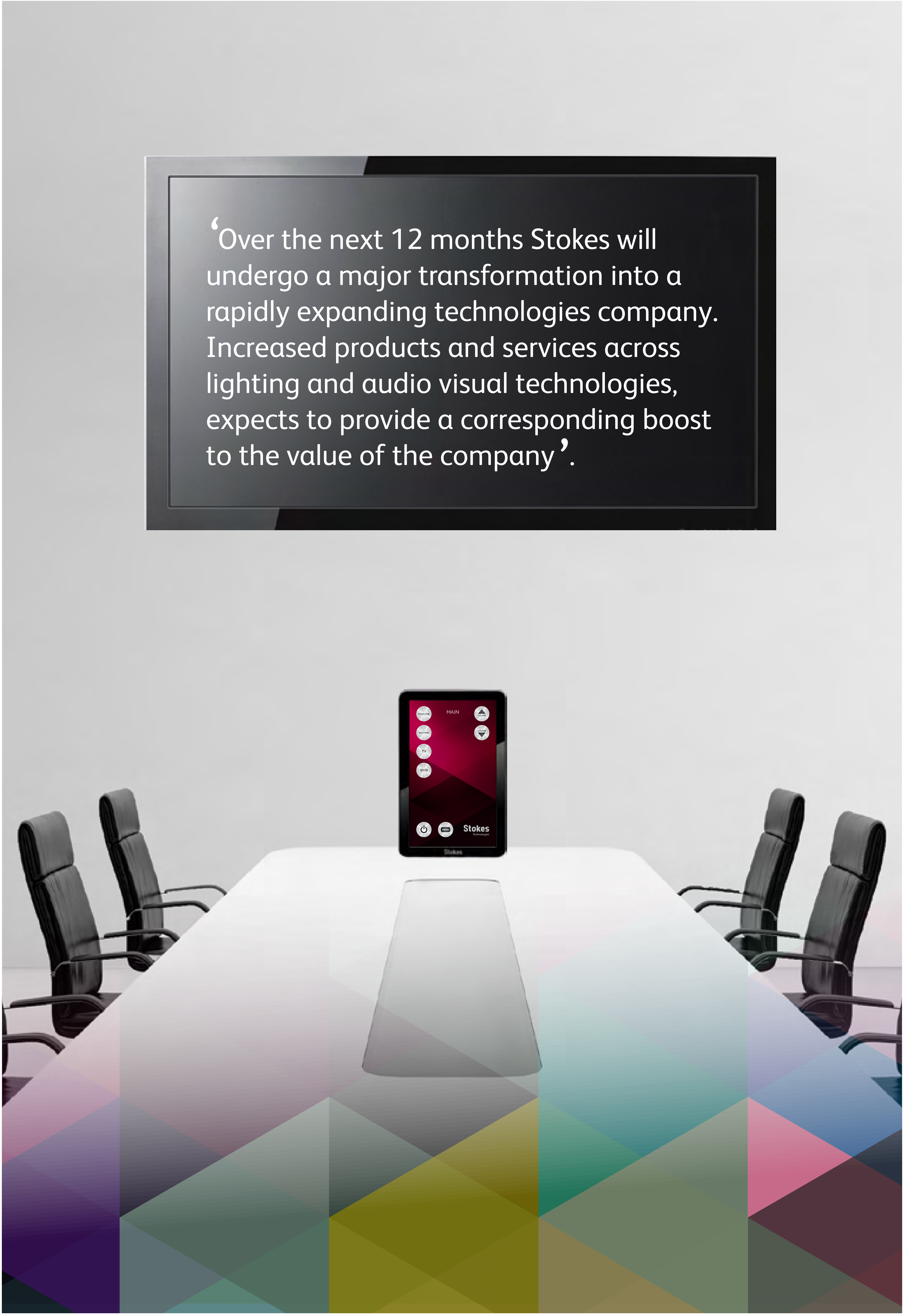
These divisions have the systems, processes and the capabilities necessary to realise our future objectives, and are now generating stable revenues and we should expect to see continual improvements in profitability as the restructure takes full effect.

Along with the acquisitions of 'ANZ Appliance Parts' and 'Janda Electrics' and two capital raisings totaling $4.55million during the year, it's fair to say we have achieved a lot and have put the company on a clear path for sustainable future growth.

Coupled with the Board's strategic technologies focus will come a greater degree of service offerings, product development, organic growth opportunities and maximised profit margins.

I take this opportunity to thank our loyal staff, customers, suppliers and shareholders and look forward to another exciting year in the ongoing evolution of this great company.

Mr Con Scrinis
Managing Director


‘Over the next 12 months Stokes will undergo a major transformation into a rapidly expanding technologies company. Increased products and services across lighting and audio visual technologies, expects to provide a corresponding boost to the value of the company’.
MAIN
TV
DVD
Stokes

2013-2014 KEY HIGHLIGHTS

Stokes' breakthrough year

As anticipated for the 2014 financial year, the directors and management team have substantially reduced the company's cost base, increased both market strength and size within core businesses and added new high growth revenue streams.

The half year to 31st December 2013 was extremely successful after the completion of the re-structuring program and the acquisition of two appliance parts businesses. **This milestone marked the company's first profit reported in three and a half years.**

In December 2013 the Directors rebranded the company to 'Stokes Limited', which streamlined both internal and external communications, and improved our presence online.

Having spent much of the last financial year successfully setting up the distribution and support of LED lighting products and solutions, recent major commercial contract wins have generated top-line growth with future benefits expected to be delivered into 2015.

The Stokes technologies division has assembled a comprehensive range of products and services and have an excellent 2015 pipeline of project opportunities, shaping up as the future growth 'engine room' for Stokes nationally.

Since founding the technologies division, Stokes has been focusing on creating an innovative edge, and on their vision to continually embrace the 'one company, one complete audio visual solution' philosophy. In May this year, Stokes launched its very own proprietary pre-packaged 'AV Complete' audio visual solutions. Now, thanks to Stokes there is a revolutionary off the shelf, single package containing the pre-engineered software, cabling, devices and integration support necessary for a turnkey audio visual installation solution.

As a result of the successful $2.55million capital raising in May this year, Stokes aims to expand the high value technologies division and will continually seek further products, services and acquisitions to accelerate growth.

With this breakthrough year and positive outlook the board and management team are in a strong position to grow the business and take advantage of future opportunities.

FINANCIAL SUMMARY – ANNUAL FINANCIALS

	FY 2013	FY 2014
	($'000)	($'000)
Revenue	13,055	15,573
Net Loss (statutory report)	(3,225)	(147)
Restructuring costs	2,042	249
Normalised PBT	(1,183)	102

FINANCIAL SUMMARY – HALF YEARLY FINANCIALS

	6 MTHS TO JUNE 13	6 MTHS TO DEC 13	6 MTHS TO JUNE 14
	($'000)	($'000)	($'000)
Revenue	6,497	7,502	8,071
Net Loss (statutory report)	(884)	13	(160)
Restructuring costs	400	-	249
Normalised PBT	(484)	13	89

‘The expertise and industry relationships of the Stokes leadership team will enable expansion into new and related high value added products’.

DIRECTORS' BIOGRAPHIES

Peter Jinks

Con Scrinis

Greg Jinks

Peter Jinks
Non-Executive Chairman

In true entrepreneurial style Peter co-founded the company KLM Group Limited with his brother Greg Jinks in 1981 and was Managing Director until August 2012. The 'duo brothers' built KLM Group with an enviable reputation as one of Australia's foremost electrical and communications provider. KLM is acknowledged as a company with a technological edge and provides services to the Construction, Defence, Government, Financial, Commercial and Infrastructure markets.

Peter has been extensively involved in the industry for over fourty years' as a leader, manager, industry NECA council member, and executor of high level policy, resource, operational and strategic visions. Peter has vast experience in technical services, specifically in electrical, data, audio visual consultation and management.

Peter was crucial to the positioning of KLM Group as one of Australia's major communications and data network infrastructure contractors. KLM was established in 1981 as a small commercial electrical contracting business. By 2003 KLM had revenues of $36 million and listed on the ASX. Revenues continued to grow and by 2010 KLM had a turnover of $160 million. KLM was acquired by ASX listed Programmed Maintenance in 2010. KLM specialised in voice & data communications, digital surveillance systems, building automation and high tech audio visual installations.

Peter was appointed Non-Executive Chairman of Stokes in October 2012.

Con Scrinis
Managing Director

Mr Scrinis was the founder and Managing Director of Moonlighting a commercial and Industrial lighting manufacturer. Established in 1991 Moonlighting went on to become the pre-eminent lighting supplier to major lighting projects throughout Australia. Projects included MCG redevelopment, Docklands Stadium, Federation Square, along with numerous hospitals, schools and multi story buildings.

Moonlighting had sales offices in all states of Australia and manufacturing facilities in Victoria and South Australia. Moonlighting employed over 200 staff with annual sales exceeding $30m. In 1997 Moonlighting developed the first
LED traffic light to receive Australian standard approval.

LED traffic lights have now been retrofitted to approximately 60% of all intersections around Australia. Moonlighting was sold to ASX listed Gerard Lighting in February 2004.

Mr Scrinis then established and was joint Managing Director of ASX listed Traffic Technologies Limited. Con played a dominant role in building up the Company and was the key driver behind the formation and growth of the business. He implemented and effected the Company's initial acquisition of the traffic management business Traffic Services Australia in August 2004 and was instrumental in completing the reinstatement of the Company on the ASX in January 2005.

Mr Scrinis completed fifteen further acquisitions creating a business with revenues of over $100M and in the process creating Australia's largest traffic products and services company.

Mr Scrinis is an experienced business builder, manager and company director. Founded and operated large businesses covering manufacturing, electrical, technology and services over a period of 20 years. Mr. Scrinis has strong leadership skills and has successfully completed over 40 business acquisitions/ disposals with a proven track record in delivering stakeholder returns.

Greg Jinks
Executive Director

Greg was appointed to the Stokes Board and Management team in October 2012. Greg has specific responsibility for Stokes strategic and business development.

Greg was also the entrepreneurial co-founder of KLM Group and, with his brother, was a key driver of a national service business with 800+ employees that has become one of Australia's major communications and data network infrastructure contractors.

The duo brothers established KLM Group in 1981 as a small commercial electrical contracting business. By 2003 KLM had revenues of $36 million and listed on the ASX. Revenues continued to grow and by 2010 KLM had a turnover of $160 million.

KLM was acquired by ASX listed Programmed Maintenance in 2010. KLM specialised in voice & data communications, digital surveillance systems, building automation and high tech audio visual installations.

Greg played a pivotal role with his involvement in company's industry and government accreditations including vendor relationship management for the majority of industry Vendors. His involvement in both the current and emerging technologies also complemented the company's growth strategy focusing on building business in core service offerings whilst integrating superior technological products, providing KLM Group with a key differentiator in the marketplace.

Greg has more than thirty-five years' experience in the telecommunications sector particularly in the area of electrical, data cabling networks, voice, laser, microwave wireless products and the supply of high tech audio visual installations.

'The Stokes board offers extensive experience and history in successful company building'.

CORPORATE DIRECTORY

DIRECTORS

Peter Jinks
Con Scrinis
Greg Jinks

SECRETARY

Hemant Amin

AUDITOR

Pitcher Partners

SOLICITORS

K&L Gates
525 Collins Street
Melbourne, Victoria 3000
Tel (03) 9640 4354
Fax (03) 9205 2055
Website www.klgates.com

REGISTERED OFFICE

24 Palmerston Road
Ringwood, Victoria 3134
Tel (03) 9845 8300
Fax (03) 9874 1077
Website www.stokes.com.au
Email info@stokes.com.au

SHARE REGISTRY

Computershare Investor Services Pty. Limited
452 Johnston Street
Abbotsford, Victoria 3067
G.P.O. Box 2975
Melbourne, Victoria 3001
Investor Enquiries 1300 850 505
Tel (03) 9415 4000
Fax (03) 9473 2500

AUSTRALIAN BUSINESS NUMBER

24 004 554 929

Financial Report Contents

Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of Stokes Limited and the entities it controlled, for the financial year ended 30 June 2014 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names of each of the directors of the company in office during or since the end of the financial year are set out below, together with their qualifications, experience and special responsibilities.

Peter Jinks, Age - 61 - Appointed 09 October 2012 as a non-executive director and chairman

Greg Jinks, Age - 56 - Appointed 09 October 2012 as an executive director

Greg and Peter Jinks have extensive experience in the electrical industry; they were the co-founders and joint managing directors of electrical contractor KLM Group Limited.

KLM was established in 1981 as a small commercial electrical contracting business. By 2003 KLM had revenues of $36 million and listed on the ASX. Revenues continued to grow and by 2010 KLM had turnover of $160 million. KLM Group was acquired by ASX listed Programmed Maintenance in 2010. KLM specialised in voice & data communications, digital surveillance systems, building automation and high tech audio. Neither Greg Jinks nor Peter Jinks has been a director of any other listed companies during the 3 years ending 30 June 2013.

Con Scrinis, Age - 51 - Appointed 16 October 2012 as managing director

Mr. Scrinis has an extensive background in the electrical and manufacturing industries along with a proven ability to restructure and build sustainable businesses.

Mr. Scrinis was the founder and managing director of Moonlighting Pty Ltd, a commercial and industrial lighting manufacturer for 13 years. Moonlighting employed over 200 staff with annual sales exceeding $30 million before being sold to ASX listed Gerard Lighting in February 2004.

Mr. Scrinis then founded and was joint Managing Director of ASX listed Traffic Technologies Limited for 4 years (ASX:TTI). He spearheaded a rapid expansion consolidating the fragmented traffic services area. TTI became the leading traffic products company in Australia with revenues exceeding $100 million per annum and over 1500 employees. Mr. Scrinis is a director of ASX listed Oakdale Resources Ltd Since September 2010 and Beauty Health Group Ltd since December 2011.

Company Secretary

Hemant Amin

Hemant Amin is a certified practicing accountant. Hemant has over 25 years of accounting and business experience and has worked for both large multinational and public companies as well as smaller family owned operations. Hemant now works as a management consultant. His most recent role was as CFO to The Traffic Group.

Review of Operations

The company has completed a major transformation over the past 12 months. The restructuring of the Appliance parts and Industrial Manufacturing Business was completed with both divisions now profitable and the company established its Technologies division which specialises in the design, manufacture and distribution of commercial and industrial lighting and audio-visual products and services.

During the year the company also acquired the business assets (predominantly inventory) of ANZ Appliance Parts and Janda Electric Co, two Melbourne-based appliance parts and service businesses to strengthen its appliance parts and services division.

Directors' Report (continued)

In November 2013 the company raised $2.01M via placement of shares, and in June 2014 the Company raised $2.55M via non renounceable rights issue of convertible notes, these funds have been used to restore working capital reduce debt and expand the technologies division.

The new technologies division of lighting and audio visual products and services has made excellent progress and achieved revenues of $2.1M the majority of which was achieved in the second half. There have been some major contract wins and we have now established a pipeline of projects that will see this division grow extensively in 2015.

Operating results

The consolidated group made a loss of $146,617 for the year ended 30 June 2014. (2013: loss of $3,224,970). Revenue for the year was $15,572,672 (2013: $13,054,709).

Major change in the trading result for the year ended 30 June 2014, as compared to the previous corresponding period is attributable to a number of factors which include the major restructuring the company undertook in 2013.

Principal Activities

The principal business activity of Stokes is the distribution of appliance parts and services, industrial products including the manufacture of industrial heating elements, lighting and audio visual products.

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report.

Environmental Regulation and Performance

The Company's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

Debt and Capital Management

The company's existing relationship with Bendigo and Adelaide Bank for its ongoing financing requirements continues and is operating within its limits.

Dividends

No dividends have been paid, and no dividends have been declared or recommended but not paid by the Company in respect of the year ended 30 June 2014 or the year ended 30 June 2013.

Options

No options were granted by the Company over any unissued shares or unissued interests during the years ended 30 June 2014 and 30 June 2013 and, as at the date of this report, there were no unissued shares or interest in the company under option.

Outlook

Notwithstanding the current economic environment the companies appliance & industrial divisions are in a defensive sector and have steady revenues and this coupled with the recently completed restructuring program should deliver improved results in the coming year. The technologies division operates within the project construction industry but given the start up nature and the immediate successes we have had a long with a potential project pipeline we expect this division to continue its rapid growth in 2015. We have entered 2015 with a vastly improved balance sheet improved cost structure and new and growing revenue streams which all point to a strong outlook ahead.

Directors' Report (continued)

Events Subsequent to Balance Date

Since the end of the reporting period, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations of the consolidated entity.

Proceedings on Behalf of the Company

No proceedings have been brought on behalf of the Company or its controlled entities.

Directors' meetings

The number of Directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director) are as follows:

Director	Directors Meetings	
	Held	Attended
Peter Jinks	6	6
Greg Jinks	6	6
Con Scrinis	6	6

Indemnification and insurance of officers and auditors

The constitution of the company provides that, to the extent permitted by the *Corporations Act 2001* "every officer and employee of the company and its wholly-owned subsidiaries shall be indemnified out of the funds of the company (to the extent that the officer or employee is not otherwise indemnified) against all liabilities incurred as such an officer or employee, including all liabilities incurred as a result of appointment or nomination by the company or the subsidiary as a trustee or as an officer or employee of another corporation."

The directors of the company who held office during the past year, Con Scrinis, Peter Jinks and Greg Jinks have the benefit of the above indemnity. The indemnity also applies to executive officers of the company who are concerned, or take part, in the management of the company.

The company has not paid any insurance premiums in respect of any past or present directors or auditors, other than as required by law.

Auditor independence and non audit services

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report on page 56.

Non-Audit Services

The Company's auditors Pitcher Partners provided non-audit services in relation to tax compliance and other accounting services to the Company for which $27,400 was paid or payable to Pitcher Partners by the Company. The Directors are satisfied that the provision of the non-audit services was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of the non-audit services provided was not such that auditor independence was compromised.

Staff

The Board appreciates the support it continues to have from the company's staff, and acknowledges with thanks the efforts they are all making to assist the company through this transition period.

Stokes

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and executives of Stokes Limited.

Remuneration philosophy

Remuneration levels are set by the company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives. The company has not engaged a remuneration consultant.

The company distinguishes the structure of non-executive Director's remuneration from that of executive Directors and senior executives. The company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregated fixed sum by a general meeting of shareholders.

There is no formal contract of employment for the executives of the Company. Whilst there is no formal contract of employment, standard employment conditions apply.

The remuneration for executive Directors is currently not linked to the Company's financial performance or share price. None of remuneration of the Directors listed below was considered at risk.

There are no retirement schemes in place for directors other than statutory contributions to superannuation.

Considering the size of the company executive directors and other directors are the Key Management Personnel of the Company. Company employed chief executive officer (CEO) for short period during financial year ended 30 June 2013. Name of directors and other officers are as follows;

Directors

Peter Jinks	Director (non-executive) Appointed 09 October 2012
Greg Jinks	Director (executive) Appointed 09 October 2012
Con Scrinis	Managing Director Appointed 16 October 2012
Other Officer	
R.J. Drury	Chief Executive Officer Resigned on 22 October 2012

Directors' and other officers' emoluments

2014	Short-term	Long-term	Post-employment	Total 2014
	Salary and fees $	Long service leave $	Superannuation $	$
Peter Jinks	47,705	-	2,359	50,064
Greg Jinks	187,935	-	-	187,935
Con Scrinis	270,000	-	-	270,000
Total	505,640	-	2,359	507,999

Directors' and other officers' emoluments

2013	Short-term	Long-term	Post-employment	Total 2013
	Salary and fees $	Long service leave $	Superannuation $	$
Peter Jinks	34,161	-	956	35,117
Greg Jinks	106,250	-	-	106,250
Con Scrinis	191,250	-	-	191,250
Ronald J. Drury	161,537	-	11,140	172,677
Total	493,198	-	12,096	505,294

Remuneration Report (Audited) (Continued)

Directors' and other officer's equity holdings

At the date of this report, directors had relevant interests in ordinary shares in Stokes Limited as follows:

Director	Shares held Directly	Shares held indirectly	Total
Peter Jinks	10,000	3,776,000	3,786,000
Greg Jinks	-	3,786,000	3,786,000
Con Scrinis	750	3,786,000	3,786,750

As at 30 June 2013, the key management personnel had relevant interests in the following number of ordinary shares in Stokes Limited:

Name	Directly Owned	Indirectly Owned	Total
Peter Jinks	10,000	3,490,000	3,500,000
Greg Jinks	-	3,500,000	3,500,000
Con Scrinis	750	3,499,250	3,500,000
R.J. Drury	-	-	-

During the financial year no ordinary shares were redeemed, exercised or bought back from key management personnel.

At the date of this report, directors had relevant interests in Convertible Notes in Stokes Limited as follows:

Director	Convertible Notes held Directly	Convertible Notes held indirectly	Total
Peter Jinks	2,500	944,000	946,500
Greg Jinks	71,500	875,000	946,500
Con Scrinis	-	946,500	946,500

Convertible notes were issued on 23 June 2014, hence there is no comparative information for 2013.

None of the directors has any interest in options in Stokes Limited.

Transactions with Key Management Personnel

The directors participated in the share placements in November 2013 and also participated and took up their entitlements of right issue of convertible notes in June 2014.

Voting and comments made at the company's 2013 Annual General Meeting (AGM)

The company received 99.9% of 'for' votes in relation to its remuneration report for the year ended 30 June 2013. The resolution to adopt the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2013 was carried as an ordinary resolution. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Signed on 4 September 2014 in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Con Scrinis
Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Stokes Limited ("Stokes" or "the Company") is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Stokes on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

CORPORATE GOVERNANCE DISCLOSURES

The Board and management are committed to good corporate governance and have followed the "Principles of good Corporate Governance and Best Practice Recommendations" issued by the Australian Securities Exchange ("ASX") Corporate Governance Council to the extent that they are applicable to the company.

In summary, Stokes departs from the Guidelines in four key areas:

- First, the majority of the Board is not deemed to be independent Directors. There are currently no independent directors on the Company's board of directors. This is a departure from Recommendation 2.1;

- Second, Stokes does not have a separate Nomination Committee. This is a departure from Recommendation 2.4. The full Board attends to the matters normally attended to by a Nomination Committee;

- Third, Stokes does not have a separate Remuneration Committee. This is a departure from Recommendation 8.1. The full Board attends to the matters normally attended to by a Remuneration Committee. Remuneration levels are set by the company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives; and

- Fourth, Stokes currently does not have a separate audit committee. This is a departure from Recommendation 4.1. The company is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Audit Committee.

ROLE OF THE BOARD

The key responsibilities of the Board include:

- appointing, evaluating, rewarding and if necessary the removal of senior management;

- development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;

- monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the company;

- overseeing the management of business risks, safety and occupational health, environmental issues and community development;

- satisfying itself that the financial statements of the company fairly and accurately set out the financial position and financial performance of the company for the period under review;

- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and financial and other reporting; including reporting under listing rules 3.19A and 3.19B and section 205G of the Corporations act 2001, are in place and functioning appropriately.

- assuring itself that appropriate audit arrangements are in place;

- ensuring that the company acts legally and responsibly on all matters and assuring itself that the company has adopted, and that the company's practice is consistent with, a number of guidelines, being:
  - Directors and Executive officers Code of Conduct;
  - Dealings in Securities; and
  - Reporting and Dealing with Unethical Practices.
- reporting to and advising shareholders.

STRUCTURE OF THE BOARD

Directors of Stokes are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

An independent director is a non-executive director (that is, is not a member of management) and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three years has not been employed in an executive capacity by the company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional advise to the company or its subsidiaries whose billings are a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the company or its subsidiaries other than as a director of the company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

In accordance with the definition of independence above, there are currently no directors of Stokes who are considered to be independent:

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the company's expense.

The term in office held by each director is as follows:

Name	**Term**
Peter Jinks	No Contract
Greg Jinks	No Contract
Con Scrinis	No Contract

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the full board will recommend a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

CORPORATE GOVERNANCE STATEMENT (continued)

STRUCTURE OF THE BOARD (continued)

Remuneration and Nomination Committee

The Board has not established a formal Remuneration or Nomination Committee. The full Board attends to the matters normally attended to by a Remuneration and a Nomination Committee. Remuneration levels are set by the company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

For full discussion of the company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period please refer to the Remuneration Report, which is contained within the Director's Report.

There is no scheme to provide retirement benefits to Non-Executive Directors other than superannuation as required by law.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves.

Audit and Risk Management Committee

The Board has not established an Audit and Risk Management Committee. The full Board attends to the matters normally attended to by such a Committee.

The Board acknowledges that when the size and nature of the company warrants an Audit and Risk Management Committee that the Committee will operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators.

The Board will delegate responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee.

The company's policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board. The auditors have a policy of rotating the audit partner at least every 5 years.

RISK MANAGEMENT

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value. The identification and management of risk by the Board will continue to be monitored. However, until such time as a business or project is acquired by the company, specific risks related to that business or project are currently unknown.

The company will undertake a comprehensive due diligence process, in consultation with its external legal and other advisors prior to making any acquisitions. The preparation of a comprehensive risk management matrix will be prepared once a suitable acquisition has been identified.

The equivalent of the CEO and CFO provide written assurance to the board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The assurances from the equivalent of the CEO and CFO can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the company's circumstances are released to the ASX and included on the company's website.

CORPORATE GOVERNANCE STATEMENT (continued)

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council. The company has complied with the Corporate Governance Best Practice Recommendations except as identified below:

Corporate Governance Policy	Action Taken and reasons if not adopted
Lay solid foundation for management and oversight	Adopted.
Principle 1: Recognise and publish the respective roles and responsibilities of the board and management	
1.1 Formalize and disclose the functions reserved to the board and those delegated to management	The company's Corporate Governance Policies includes a Board Charter, which discloses the specific responsibilities of the Board
1.2 Disclose the process for evaluating the performance of senior executives.	The Board monitors the performance of senior management including measuring actual performance against planned performance.
1.3 Provide the information indicated in 'Guide to reporting on Principle 1'.	The company has provided details of any departures from Principle 1 in this Annual Report
Structure the board to add value	Adopted except as follows:
Principle 2: Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties	
2.1 A majority of the Board should be independent.	Stokes does not comply with this recommendation as none of the Directors are independent.
2.2 The chairperson should be an independent Director.	The Chairperson is not an independent director of the company.
2.3 The roles of chairperson and Managing Director should not be exercised by the same individual	The roles of the chairperson and Managing Director are not exercised by the same individual.
2.4 The board should establish a nomination committee.	The company is not of a size to justify having a Nomination Committee. Matters typically dealt with by such a Committee are dealt with by the full Board.
2.5 Disclose the process for evaluating the performance of the board, its committees and the individual directors.	The Board has adopted a policy to assist in evaluating board performance.
2.6 Provide the information indicated in 'Guide to Reporting on Principle 2'.	The specified information, including details of any departures from principle 2 has been provided in this Annual Report.

BEST PRACTICE RECOMMENDATION (continued)

<table>
<tr><th>Corporate Governance Policy</th><th>Action Taken and reasons if not adopted</th></tr>
<tr><td>Actively promote ethical and responsible decision-making

Principle 3: Promote ethical and responsible decision - making

Establish a code of conduct to disclose the code or a summary of the code as to:</td><td>Adopted.</td></tr>
<tr><td>the practices necessary to maintain confidence in the company's integrity.

the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders.

the responsibility and accountability of individuals for reporting or investigating reports of unethical practices.</td><td>The company's Corporate Governance Policies include a Directors' and Executive officer's Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment.</td></tr>
<tr><td>Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</td><td>Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits of, and arising from, employee and Board diversity and the importance of benefiting from all available talent.

The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity and annually assess both the objectives and the progress in achieving those objectives</td></tr>
<tr><td>Disclose in each annual report measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</td><td>The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next five
years as Director and senior executive positions become vacant and appropriately qualified candidates become
available:</td></tr>
<tr><td>Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</td><td><table><tr><th></th><th>Actual Number</th><th>%</th></tr><tr><td>Women on the Board</td><td>0</td><td>0</td></tr><tr><td>Women in senior Management roles</td><td>0</td><td>0</td></tr><tr><td>Women employees in the group</td><td>26</td><td>36</td></tr></table></td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT (continued)

BEST PRACTICE RECOMMENDATION (continued)

Corporate Governance Policy	Action Taken and reasons if not adopted
Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy	The Company's Corporate Governance Policies includes a Dealing in Securities Policy which provides comprehensive guidelines on trading in the company's securities.
Provide the information indicated in 'Guide to Reporting on Principle 3'	The company has provided details of any departures from principle 3 in this Annual Report.
Safeguard integrity in financial reporting	
Principle 4: Establish a structure to independently verify and safeguard integrity in financial reporting	Adopted except as follows:
The Board should establish an audit committee.	The company is not of a size to justify having a separate Audit and Risk Management Committee. However, matters typically dealt with by such a Committee are dealt with by the full Board
Structure the audit committee so that it consists of: • Only non-executive directors • A majority of independence directors An independent chairperson who is not the chairperson on the Board	Not applicable
The audit committee should have a formal operating charter.	Not applicable
Provide the information indicated in the 'Guide to reporting on Principle 4'.	The company has provided details of any departures from principle 4 in this annual Report
Promote timely and balanced disclosure	Adopted.
Principle 5: Make timely and balance disclosure of all material matters concerning the company	
Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	The company has a Continuous Disclosure Policy which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a board level for compliance and factual presentation of the company's financial position.
Provide the information indicated in the 'Guide to reporting on Principle 5'.	The company will provide details of any departures from Principle 5 in its Annual Report.

CORPORATE GOVERNANCE STATEMENT (continued)

BEST PRACTICE RECOMMENDATION (continued)

Corporate Governance Policy	Action Taken and reasons if not adopted
Respect the rights of shareholders	Adopted.
Principle 6: Respect the rights of shareholders and facilitate the effective exercise of those rights	
Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy.	The company's Corporate Governance Policies includes a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the company's state of affairs.
Provide the information indicated in the 'Guide to reporting on Principle 6'.	The company has provided details of any departures from Principle 6 in its Annual Report
Recognise and manage risk	Adopted.
Principle 7: Establish a sound system of risk oversight and management and internal control	
The Board or appropriate Board committee should establish policies on risk oversight and management of material business risk and disclose a summary of those policies.	The company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated. The Board identifies the company's 'risk profile' and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls. The Company's Risk Management policy is available on the company's website
The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board requires that the Managing Director designs and implements continuous risk management and internal control systems and provides reports at relevant times.
The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.	The board seeks, at the appropriate times, these relevant assurances from the individuals appointed to perform the role of Managing Director and the Chief Operating Officer.
Provide the information indicated in the 'Guide to reporting on Principle 7'.	The company has provided details of any departures from Principle 7 in this Annual Report.

CORPORATE GOVERNANCE STATEMENT (continued)

BEST PRACTICE RECOMMENDATION (continued)

Corporate Governance Policy	Action Taken and reasons if not adopted
Remuneration fairly and responsibly Principle 8: Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined	Adopted except as follows:
The board should establish a remuneration committee.	The company in not of a size to justify having a separate remuneration committee. However, matters typically dealt with by such a committee are dealt with by the full Board.
The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent director; and has at least three members.	Not applicable.
Clearly distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives.	The board distinguishes the structure of non-executive Director's remuneration from that of executive Directors and senior executives. The company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregated fixed sum by a general meeting of shareholders.

Stokes

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue			
Sales revenue	4(a)	15,440,182	12,768,787
Other income	4(b)	132,490	285,922
Total Revenue		**15,572,672**	**13,054,709**
Expenses			
Cost of sales		(10,082,476)	(9,119,779)
Selling expenses		(2,171,718)	(3,479,788)
Occupancy expenses		(631,515)	(689,990)
Administration expenses		(2,605,046)	(2,813,182)
Depreciation and amortisation	4(c)	(77,618)	(56,866)
Finance costs	4(c)	(150,916)	(120,074)
Total Expenses		**(15,719,289)**	**(16,279,679)**
Loss Before Income Tax		**(146,617)**	**(3,224,970)**
Loss for the year		**(146,617)**	**(3,224,970)**
Other Comprehensive Income		**-**	**-**
Other Comprehensive Income for the year net of tax		**-**	**-**
Total Comprehensive Income for the year		**(146,617)**	**(3,224,970)**
Loss attributable to: members of the Parent Entity	17	**(146,617)**	**(3,224,970)**
Loss per share from continuing operations (Cents per share)	18	**(0.54)**	**(20.09)**
Diluted Loss per share from continuing operations (Cents per share)	18	**(0.54)**	**(20.09)**

The above statement should be read in conjunction with accompanying notes

Stokes

Consolidated Statement of Financial Position as at 30 June 2014

	Notes	2014 $	2013 $
Current Assets			
Cash and cash equivalents	22 (a)	2,525,541	732,663
Trade and other receivables	7	2,099,158	1,789,562
Inventories	8	2,985,010	1,792,222
Other assets	9	505,606	61,037
Total Current Assets		**8,115,315**	**4,375,484**
Non-Current Assets			
Plant and equipment	11	526,432	231,664
Intangible Assets	10	199,486	199,486
Total Non-Current Assets		**725,918**	**431,150**
Total Assets		**8,841,233**	**4,806,634**
Current Liabilities			
Trade and other payables	12	1,730,396	1,520,352
Borrowings	13	1,429,170	1,261,984
Provision for restructuring	14	-	575,105
Provisions – Employee benefits	15	639,898	721,556
Total Current Liabilities		**3,799,464**	**4,078,997**
Non-Current Liabilities			
Borrowings	13	2,584,408	-
Provisions – Employee benefits	15	81,813	110,805
Total Non-Current Liabilities		**2,666,221**	**110,805**
Total Liabilities		**6,465,685**	**4,189,802**
Net Assets		**2,375,548**	**616,832**
Equity			
Contributed equity	16	**10,426,352**	**8,521,019**
Accumulated losses	17	**(8,050,804)**	**(7,904,187)**
Parent entity interest		**2,375,548**	**616,832**
Total Equity		**2,375,548**	**616,832**

The above statement should be read in conjunction with accompanying notes

Stokes

Consolidated Statement of Cash Flows
for the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		16,785,821	14,214,501
Payments to suppliers and employees		(18,937,162)	(15,414,776)
Interest received		3,240	3,221
Finance costs		(143,867)	(120,074)
Net cash used in operating activities	22 (d)	**(2,291,968)**	**(1,317,128)**
Cash flows from investing activities			
Payment for property, plant and equipment	11	(372,386)	(107,373)
Proceeds from sale of Stokes Badges	21(d)	-	188,609
Payment for Aussie Whitegoods Rescue	21(b)	-	(20,000)
Payment for Grimwood Appliance parts	21(c)	-	(302,594)
Net cash used in investing activities		**(372,386)**	**(241,358)**
Cash flows from financing activities			
Proceeds from issue of share capital		1,905,333	2,199,885
Proceeds from issue of convertible notes		2,351,042	-
Proceeds from borrowings		200,857	947
Payment of loan amounts to Aussie Whitegoods Rescue		-	(26,005)
Net cash provided by financing activities		**4,457,232**	**2,174,827**
Net increase in cash held		**1,792,878**	**616,341**
Cash and cash equivalents at the beginning of the financial year		732,663	116,322
Cash and cash equivalents at the end of the financial year	22(a)	**2,525,541**	**732,663**

The above statement should be read in conjunction with accompanying notes

Stokes

Consolidated Statement of Changes in Equity
for the year ended 30 June 2014

	Contributed Equity $	Accumulated losses $	Total $
As at 1 July 2012	6,321,134	(4,679,217)	1,641,917
Total other comprehensive income for the year	-	(3,224,970)	(3,224,970)
Share issue during the period	2,340,128	-	2,340,128
Capital raising costs for the share issue	(140,243)	-	(140,243)
As at 30 June 2013	**8,521,019**	**(7,904,187)**	**616,832**

	Contributed Equity $	Accumulated losses $	Total $
As at 1 July 2013	8,521,019	(7,904,187)	616,832
Total other comprehensive income for the year	-	(146,617)	(146,617)
Share issue during the period	2,012,500	-	2,012,500
Capital raising costs for the share issue	(107,167)	-	(107,167)
At 30 June 2014	**10,426,352**	**(8,050,804)**	**2,375,548**

The above statement should be read in conjunction with accompanying notes

Notes to the year end financial statements
30 June 2014

Note 1: Corporate information

The financial report of Stokes Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 4 September 2014.

Stokes Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activities of the consolidated entity are the merchandising and distribution of appliance spare parts, badges and medallions, electrical switches and controls, and the manufacture of electric elements and metal components.

These consolidated financial statements and notes represent those of Stokes Limited and controlled entities. Stokes Limited is a for-profit entity for the purpose of preparing the financial statements.

The separate financial statements of the parent entity, Stokes Limited have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

Note 2: Summary of significant accounting policies

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Stokes Limited and controlled entities as a consolidated entity. Stokes Limited is a company limited by shares, incorporated and domiciled in Australia. Stokes Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS
The consolidated financial statements of Stokes Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates
The preparation of the financial report requires the use of certain estimates and judgements in applying the entity’s accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Stokes Limited and its subsidiaries, Stokes Technologies Pty Ltd, SKS Services Group Pty Ltd (Formerly known as Stokes Investments Pty Ltd), Edis Pty Ltd and Aussie Whitegoods Rescue Pty Ltd (AWR) (“the Group”) as at 30 June 2014. Edis Pty Limited was acquired in June 2009. Aussie Whitegoods Rescue Pty Ltd was acquired in June 2013.

Note 2: Summary of significant accounting policies (cont'd)

Principles of consolidation (continued)

A controlled entity is any entity over which Stokes Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent entity owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential of voting rights are also considered.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date at which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. In the parent company's financial statements, investments are carried at cost.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.
A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(d) Intangibles

Goodwill

Goodwill is initially measured at the excess over the aggregate of the consideration transferred, the fair value *(or proportionate share of net assets value)* of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

(e) Going concern basis of accounting

The financial report has been prepared in accordance with generally accepted accounting principles, which are based on the company and consolidated entity continuing as going concern

The ability of the Group continue as a going concern is reliant on generating profits, improving cash flows from operating activities, managing debt levels, and the management of other cash flows within the Group's funding facilities.

Notwithstanding the Group's total equity of $2,375,548 at 30 June 2014 (30 June 2013 - $616,832), operating loss of $146,617 (2013: loss of $3,224,970) and negative cash flows from operating activities of $2,291,968 (2013: $1,317,128), the directors believe the going concern basis is appropriate due to the following factors

Note 2: Summary of significant accounting policies (cont'd)

Going concern basis of accounting (cont'd)

- The Group's forward budget and cash flow projections are based on the effects of the restructuring program and revenues from acquisitions (predominantly inventory) of ANZ Appliance Parts and Janda Electric Co. The directors have reviewed and approved the Group's forward budget and which shows positive cash flow projections.

- The company successfully raised $2,012,500 via a placement to sophisticated investors in November 2013 and these funds have been deployed to complete the restructuring program

- In June 2014, the Company raised $2,550,737 via issue of convertible notes to fund working capital requirement.

- The directors also believe the company is well placed to raise further capital (if required) to fund working capital and or acquisitions.

On the basis of the above the directors believe that the Group will continue as a going concern and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial report.

(f) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
d. less any reduction for impairment

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Notes to the year end financial statements

Note 2: Summary of significant accounting policies (cont'd)

Financial Instruments (continued)

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.
The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.
Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

ii. Compound financial instruments

Compound financial instruments issued by the consolidated entity comprise convertible notes that are able to be converted to share capital at the option of the note holder, and the number of shares to be issued will not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. All directly attributable transaction costs are allocated to the liability and equity component on a proportional basis.

After initial recognition, the liability component of the compound financial instrument will be measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

iii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

The Group has the following non-derivative financial liabilities:

1. loans and borrowings,
2. bank overdraft and trade and
3. other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs, Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

iv. Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

Notes to the year end financial statements

Note 2: Summary of significant accounting policies (cont'd)

Financial Instruments (continued)

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. The accounting policy in respect of segment operating disclosures is in accordance with the adoptive of AASB 8 Operating Segments and is presented as follows:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire plant and equipment and intangible assets.

(h) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis or diminishing value over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 10 years
Leased assets – over 3 to 10 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the year end financial statements

Note 2: Summary of significant accounting policies (cont'd)

(i) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – average purchase cost. The cost of purchase comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of raw materials.

Finished goods and work-in-progress – average cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(m) Employee leave benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Note 2: Summary of significant accounting policies (cont'd)

Employee leave benefits (cont'd)

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The consolidated entity recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

(n) Provision

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

(o) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Notes to the year end financial statements

Note 2: Summary of significant accounting policies (cont'd)

Revenue recognition (cont'd)

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(q) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Stokes Limited (parent entity) and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 30 November 2009. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

Notes to the year end financial statements

Note 2: Summary of significant accounting policies (cont'd)

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(s) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(t) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(u) Adoption of new and amended accounting standards that are first operative at 30 June 2014

(a) AASB 10: Consolidated Financial Statements

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated entity concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts were required.

(b)AASB 12: Disclosure of Interests in Other Entities

AASB 12 sets new minimum disclosure requirements for interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures required under AASB 12 are provided in Note 21: Controlled entities

(c)AASB 13: Fair Value Measurement

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the company's fair value measurements as the company does not hold any financial assets or financial liabilities at fair value nor does it hold any non-financial assets at fair value.

(d)AASB 119: Employee Benefits

The amendments to AASB 119 revise the definitions of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The group has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

Notes to the year end financial statements

Note 2: Summary of significant accounting policies (cont'd)

Adoption of new and amended accounting standards that are first operative at 30 June 2014 (cont'd)

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

(v) Accounting standards and interpretations Issued but not Operative at 30 June 2014

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards* arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 *Financial Instruments* improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The consolidated entity has yet to assess the impact of new general hedge accounting model on its hedge arrangements. The consolidated entity has decided not to early adopt AASB 9 at 30 June 2014.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However the assessment of impact has not yet been completed.

Note 3: Critical Accounting Estimates and judgements

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Long service leave
As discussed in note 2(m), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the year end financial statements

Note 3: Critical Accounting Estimates and judgements (cont'd)

Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 4.

Impairment of Goodwill
The recoverable amount of Goodwill is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 3% (2013: 3%) for cash flows in year two to five which is based on the historical average, a terminal value growth rate of 3% (2013: 3%) and a discount rate of 12% (2013: 12%) to determine value-in-use.

Sensitivity analysis concluded that there would be no impact to the carrying value of the Goodwill for both (Appliance Parts and Aussie Whitegoods) business units

NOTE 4: INCOME AND EXPENSES

	Notes	2014 $	2013 $
(a) Sales revenue			
Sales revenue		**15,440,182**	**12,768,787**
(b) Other revenue			
Interest revenue		3,240	3,221
Sundry income		129,250	148,097
Net gain on Disposal of Stokes Badges		-	134,604
Total other revenue		**132,490**	**285,922**
Total revenue		**15,572,672**	**13,054,709**
(c) Expenses			
Finance Costs:			
Interest - other entities		143,867	120,074
Interest – Convertible notes		5,591	-
Amortisation of deferred borrowing cost		1,458	-
		150,916	**120,074**
Depreciation and amortisation of non-current assets:			
Plant and equipment		77,618	56,866
Inventory			
-Write-downs and other losses		-	784,385
Operating lease rental expenses		661,584	459,997
Employee Benefits:			
-Wages and salaries		3,365,600	3,307,997
-Superannuation		375,607	330,685

Note 5: DIRECTOR'S AND EXECUTIVE'S COMPENSATION

(a) Details of Director

Peter Jinks	Director (non-executive) Appointed 09 October 2012
Greg Jinks	Director (executive) Appointed 09 October 2012
Con Scrinis	Managing Director Appointed 16 October 2012
Other	
R.J. Drury	Chief Executive Officer Resigned on 22 October 2012

(b) Remuneration by Category: Directors and Executives

	Notes	2014	2013
		$	$
Short-term employee benefits		505,640	493,498
Long-term employee benefits		-	-
Post-employment Employee benefits		2,359	12,096
Total		**507,999**	**505,594**

NOTE 6: INCOME TAX

(a) Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2014	2013
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013:30%)		
Accounting profit /(loss)before income tax	(146,617)	(3,224,970)
Income tax benefit calculated at 30%	(43,985)	(967,491)
Temporary differences and tax losses not brought to account as future income tax benefits	43,985	967,491
	-	-

(b) The following deferred tax assets have not been recognised as recovery is not considered probable:

	2014	2013
Attributable to temporary differences	228,127	423,727
Attributable to tax losses	3,299,873	3,155,392
	3,528,000	**3,579,119**

(c) The major components of income tax expense are:

Current income tax expense

	2014	2013
Current income tax expense	-	-
Temporary differences	-	-
Income tax expenses reported in the statement of comprehensive income	-	-

Notes to the year end financial statements

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Notes	2014	2013
		$	$
Trade debtors		2,058,977	1,824,890
Impairment loss and credit claims		(18,542)	(35,328)
Other receivable		58,723	-
		2,099,158	**1,789,562**
Movements in the provision for impairment were:			
Opening balance at 1 July		(35,328)	(38,108)
Charge for the year		(8,537)	(6,901)
Amounts written off		25,323	9,681
Closing balance at 30June		**(18,542)**	**(35,328)**

Trade and other receivables ageing analysis at 30 June is	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
		$		$
Not past due	1,040,705	-	818,973	-
Past due 31-60 days	839,325	-	735,994	-
Past due 61-90 days	153,866	-	219,285	-
Past due more than 91 days	25,081	(18,542)	50,638	(35,328)
	2,058,977	**(18,542)**	**1,824,890**	**(35,328)**

NOTE 8: INVENTORIES

	Notes	2014	2013
		$	$
Raw materials		196,371	53,934
Work in progress		65,009	72,235
Finished goods		2,723,630	1,666,053
At lower of cost and net realisable value		**2,985,010**	**1,792,222**

NOTE 9: OTHER CURRENT ASSETS

Prepayments and other assets	505,606	61,037
	505,606	**61,037**

Notes to the year end financial statements

NOTE 10: INTANGIBLE ASSETS

	Notes	2014	2013
		$	$
Goodwill at cost – Appliance Parts		100,001	100,001
Goodwill at cost – Aussie Whitegoods		99,485	99,485
Amortisation		-	-
		199,486	**199,486**

The recoverable amount of Goodwill is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 3% (2013: 3%) for cash flows in year two to five which is based on the historical average, a terminal value growth rate of 3% (2013: 3%) and a discount rate of 12% (2013: 12%) to determine value-in-use.

Sensitivity analysis concluded that there would be no impact to the carrying value of the Goodwill for both (Appliance Parts and Aussie Whitegoods) business units

NOTE 11: PLANT & EQUIPMENT

Plant and equipment		
At cost	5,140,930	4,779,361
Accumulated depreciation	(4,614,498)	(4,547,697)
	526,432	**231,664**

(a) Reconciliation of carrying amounts at the beginning and end of the period

Plant and equipment		
Carrying value as at 1 July	231,664	190,904
Additions	372,386	107,373
Disposals	(10,817)	(9,747)
Depreciation write back on disposal	10,817	-
Depreciation expense	(77,618)	(56,866)
Carrying value as at 30 June	**526,432**	**231,664**

NOTE 12: CURRENT TRADE AND OTHER PAYABLES

Trade payables	1,539,167	1,365,093
Accruals	161,953	136,361
Goods and services tax (GST)	29,276	18,898
	1,730,396	**1,520,352**

(a) Trade payables are non-interest bearing and are normally settled on 60-day terms

Notes to the year end financial statements

NOTE 13: BORROWINGS

	Notes	2014 $	2013 $
(a) Current			
Secured:			
Bank and other loans (i) - (Note 22 (c))		1,421,776	1,261,984
Lease finance (i)		7,394	-
		1,429,170	**1,261,984**
(b) Non Current			
Secured:			
Lease finance (i)		33,671	-
Unsecured:			
Convertible Notes (ii)		2,550,737	-
		2,584,408	**-**

(i) Both current and non-current secured borrowings, were secured by a fixed and floating charge over Stokes Limited and Stokes Technologies Pty Ltd, Edis Pty Ltd and SKS Services Group Pty Ltd

(ii) The Convertible Notes are a 3 year loan to the company with a 3 year option to convert each Convertible Note to 1 New Share. The Convertible Notes bear interest at a fixed rate of 10% per annum payable quarterly in arrears. In addition, Noteholders will be entitled to receive 1 new option for every 2 new shares issued upon conversion of Convertible Notes. The options will be issued at no additional cost and will be exercisable at any time prior to 30 June 2019 at an exercise price of $0.35 each.

NOTE 14: CURRENT PROVISION – RESTRUCTURING COSTS

	2014	2013
Provision – Restructuring costs	-	575,105
Balance at 1 July	575,105	1,499,744
Amounts expensed	(575,105)	(924,639)
Balance as at 30 June	**-**	**575,105**

NOTE 15: PROVISION – EMPLOYEE BENEFITS

	2014	2013
Balance at 1 July	832,361	1,011,925
Provision on acquisition of controlled entity	-	17,331
Provision for the year	414,047	157,118
Amounts used	(524,697)	(353,013)
Balance as at 30 June	**721,711**	**832,361**
(a) Employee benefits – Current	639,898	721,556
(b) Employee benefits – Non Current	81,813	110,805
	721,711	**832,361**

Notes to the year end financial statements

NOTE 16: CONTRIBUTED EQUITY

	Notes	2014 $	2013 $
29,151,281 ordinary shares (2013: 23,401,281)		**10,426,352**	**8,521,019**
Balance as at 1 July		8,521,019	6,321,134
15,600,854 share issued at 15 cents		-	2,340,128
5,750,000 share issued at 35 cents		2,012,500	-
Capital raising costs for the share issue		(107,167)	(140,243)
Balance as at 30 June		**10,426,352**	**8,521,019**

During the current financial year Company raised $1,905,333 net funds by issuing 5,750,000 shares at an issue price of 35 cents per share and paid $107,167 towards costs of share issue. During financial year ended 30 June 2013 the Company raised $2,199,885 by issuing 15,600,854 shares at 15 cents and paid $140,243 towards cost of share issue. All shares rank equally with regard to the Company's residual assets

Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

NOTE 17: ACCUMULATED LOSSES

Balance at beginning of year	(7,904,187)	(4,679,217)
Net Loss	(146,617)	(3,224,970)
Balance at end of year	**(8,050,804)**	**(7,904,187)**

NOTE 18: LOSS PER SHARE

Basic loss per share (cents per share)	(0.54)	(20.09)
Diluted loss per share (cents per share)	(0.54)	(20.09)
Loss used in the calculation of basic loss per share	(146,617)	(3,224,970)
The weighted average number of ordinary shares on issue used in the calculation of basic loss per share	27,132,037	16,049,646

Diluted loss per share is not applicable because the company has no potentially dilutive ordinary shares outstanding.

Notes to the year end financial statements

NOTE 19: PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the Accounting Standards

	Notes	2014 $	2013 $
Statement of Financial Position			
a. Current assets		7,837,041	3,265,634
b. Non current assets		873,063	2,719,635
c. Total assets		8,710,104	5,985,269
d. Current liabilities		3,718,428	2,677,133
e. Non current liabilities		2,664,681	3,273,966
f. Total liabilities		6,383,109	5,951,099
g. Shareholders equity			
i) Issued capital		10,426,352	8,521,019
ii) Accumulated losses		(8,099,358)	(8,486,849)
Statement of Comprehensive Income			
h. Net Profit / (loss)		387,491	(3,342,480)
i. Total comprehensive income		387,491	(3,342,480)
Guarantees			
j. Guarantees provided by parent entity in relation to the debts of the subsidiaries		-	89,453

NOTE 20: COMMITMENTS FOR EXPENDITURE

Non-cancellable operating leases:		
Property: (i)		
Not later than one year	544,585	495,710
Later than one year but not later than two years	374,954	36,851
Later than two years but not later than five years	738,787	-
	1,658,326	**532,561**
Plant and equipment: (ii)		
Not later than one year	29,170	39,210
Later than one year but not later than two years	26,010	29,170
Later than two years but not later than five years	22,091	48,101
	77,271	**116,481**
	1,735,597	**649,042**

Notes to the year end financial statements

NOTE 20: COMMITMENTS FOR EXPENDITURE (cont'd)

Leasing Arrangements

I. The consolidated entity leases a number of premises throughout Australia. The initial rental period of each lease agreement varies between two and five years with renewal options ranging from none to five years. The majority of lease agreements are subject to rental adjustments, some annually or bi-annually, in line with market rates, Consumer Price Index or fixed increases. The Company has provided bank guarantee for a value of $78,200 as rental bond for leasing of premises.

II. Relates to photocopier & printers, is for a fixed period, at a fixed rate with no renewal options.

NOTE 21: CONTROLLED ENTITIES

Name of Company	Country of Incorporation	Percentage Owned	
		2014	2013
Parent Entity			
Stokes Limited	Australia		
Controlled Entities			
SKS Services Group Pty Ltd	Australia	100%	100%
Edis Pty Limited	Australia	100%	100%
Aussie Whitegoods Rescue Pty Ltd	Australia	100%	100%
Stokes Technologies Pty Ltd	Australia	100%	100%

* SKS Services Group Pty Ltd formerly known as Stokes Investments Pty Ltd

Acquisition of Controlled Entity

(b) Acquisition of Controlled Entity – Aussie Whitegoods Rescue Pty Ltd

On 12 June 2013, the parent entity acquired 100% of the issued capital of Aussie Whitegoods Rescue Pty Ltd, an appliance sales and service business for a purchase consideration of $20,000.

The acquisition is part of the group's strategy to preserve its position as the Kleenmaid appliance parts distributor in Australia.

	2014	2013
	$	$
Cash consideration:	-	20,000
Less:		
Cash balance	-	19,266
Receivables [(i)]	-	20,945
Inventories	-	2,579
Property, plant and equipment	-	1,380
Payables	-	(106,324)
Employee entitlements	-	(17,331)
Identifiable assets acquired and liabilities assumed	-	79,485
Goodwill	**-**	**99,485**

Notes to the year end financial statements

NOTE 21: CONTROLLED ENTITIES (cont'd)

(i)The directors believe the receivables are fully recoverable and no provision for impairment is required.

Revenue included in the consolidated revenue of the Group since the acquisition date on 12 June 2013 amounted to $86,532 for the year ended 30 June 2013. Profit included in consolidated loss of the Group since the acquisition date amounted to $3,474 for the year ended 30 June 2013.

(c) Acquisition of Grimwood's Assets

On 13 December 2012, the parent entity acquired the assets and goodwill of a major competitor, Grimwood Appliance Parts.

	2014	2013
	$	$
Cash consideration:	-	302,594
Less:		
Inventories	-	218,370
Associated costs	-	9,224
Goodwill	**-**	**75,000**

(d) Sale of Stokes Badges

On 25 February 2013, the parent entity sold all the assets of the badges division to Perfection Plate Holdings Pty Ltd at a profit of $134,604.

Sale proceeds	-	200,000
Less: professional fees	-	(11,391)
Net proceeds	**-**	**188,609**
Assets disposed		
Inventory	-	44,258
Plant and equipment	-	9,747
Profit on sale of Stokes badges	**-**	**134,604**

NOTE 22: STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

Cash in hand	52,643	1,648
Cash at bank	2,470,898	684,944
Deposits	2,000	46,071
	2,525,541	**732,663**

(b) Financing Facilities:

Maximum available subject to (c) (ii) below

Bank and other loans	2,900,000	2,900,000
Overdraft	-	-
	2,900,000	**2,900,000**

Notes to the year end financial statements

NOTE 22: STATEMENT OF CASH FLOWS (cont'd)

	2014	2013
	$	$
(c) Facilities in use at the end of the financial year (i)		
Bank and other loans	1,421,776	1,261,984
Lease finance	41,065	-
Overdraft	-	-
	1,462,841	**1,261,984**

i) At the date of this report, the financier continues to provide financing facilities.

ii) The amount which is able to be used for the facility in general terms is 80% of Accounts Receivable, less ineligibles such as Debtors 90 days & over.

Facilities are all secured and subject to periodic review.

(d) Reconciliation of net cash provided by operating activities to net profit after income tax.

Net Loss after income tax	(146,617)	(3,224,970)
Profit on disposal of Stokes Badges	-	(134,604)
Depreciation of plant and equipment	77,618	56,866
Amortisation of deferred borrowing costs	1,458	-
Inventory Provisions	-	784,385
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(309,596)	97,698
Current inventories	(1,192,788)	750,950
Other current assets	(246,332)	(7,600)
Increase/(decrease) in liabilities:		
Current trade payables	210,044	539,711
Provisions	(685,755)	(179,564)
Net cash (used in) operating activities	**(2,291,968)**	**(1,317,128)**

NOTE 23: FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, finance leases and cash.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

NOTE 23: FINANCIAL INSTRUMENTS *(cont'd)*

It is the policy of the consolidated entity to regularly review foreign currency exposures.

The degree to which the foreign exchange risk is managed will vary depending on circumstances that prevail at the time the risk is known or anticipated.

There are no foreign currency contracts outstanding at the reporting date (2013: Nil).

The group hold no financial assets or liabilities at fair value

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The group monitors its exposure to interest rate risk as part of its capital and cash management. Refer Note 16 for more details.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligation as they fall due. The entity's approach in managing liquidity is to ensure that it will have sufficient liquidity to meet it liabilities when due under both normal and stressed conditions. The entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity does not have any significant concentrations of credit risk that arise from exposures to a single debtor or to a group of debtors having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.
The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Sensitivity Analysis

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis concluded there would be no impact on fair values of financial assets and liabilities.

Notes to the year end financial statements

NOTE 23: FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial Risk Management

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Consolidated Group								
Financial liabilities due for payment								
Bank loans	(1,429,170)	(1,261,984)	(33,671)	-	-	-	(1,462,841)	(1,261,984)
Trade and other payables	(1,730,396)	(1,520,352)	-	-	-	-	(1,730,396)	(1,520,352)
Convertible Notes	-	-	(2,550,737)	-	-	-	(2,550,737)	-
Other loan	-	-	-	-	-	-	-	-
Total contractual outflows	**(3,159,566)**	**(2,782,336)**	**(2,584,408)**	**-**	**-**	**-**	**(5,743,974)**	**(2,782,336)**
Financial assets — cash flows realisable								
Cash and cash equivalents	2,525,541	732,663	-	-	-	-	2,525,541	732,663
Trade and other receivables	2,099,158	1,789,562	-	-	-	-	2,099,158	1,789,562
Total anticipated inflows	**4,624,699**	**2,522,225**	**-**	**-**	**-**	**-**	**4,624,699**	**2,522,225**
Net (outflow)/inflow on financial instruments	**1,465,133**	**(260,111)**	**(2,584,408)**	**-**	**-**	**-**	**(1,119,275)**	**(260,111)**

Stokes

Notes to the year end financial statements

NOTE 23: FINANCIAL INSTRUMENTS *(cont'd)*

(d) Interest Rate Risk

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2014:

	Weighted average interest rate %	Variable interest rate	Fixed Interest Rate Maturity Less than 1 year	Fixed Interest Rate Maturity 2 to 5 years	Non-interest bearing	Total
Year ended 30 June 2014						
Financial Assets						
Cash and cash equivalents	1.2	2,472,898	-	-	52,643	2,525,541
Current receivables	-	-	-	-	2,099,158	2,099,158
		2,472,898	**-**	**-**	**2,151,801**	**4,624,699**
Financial Liabilities						
Trade and other payables		-	-	-	1,730,396	1,730,396
Bank and other loans	9.27	1,421,776	7,394	33,671		1,462,841
Convertible Notes	10.0	-	-	2,550,737	-	2,550,737
		1,421,776	7,394	2,584,408	1,730,396	5,743,974
Net Financial Asset / (Liabilities)		**1,051,122**	**(7,394)**	**(2,584,408)**	**421,405**	**(1,119,275)**
Year ended 30 June 2013						
Financial Assets						
Cash and cash equivalents	2.25	731,015	-	-	1,648	732,663
Current receivables	-	-	-	-	1,789,562	1,789,562
		731,015	-	-	1,791,210	2,522,225
Financial Liabilities						
Trade and other payables		-	-	-	1,520,352	1,520,352
Bank and other loans -	10.13	1,261,984	-	-	-	1,261,984
		1,261,984	-	-	1,520,352	2,782,336
Net Financial Asset / (Liabilities)		**(530,969)**	**-**	**-**	**270,858**	**(260,111)**

Notes to the year end financial statements

NOTE 23: FINANCIAL INSTRUMENTS (Cont'd)

(e) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

NOTE 24: REMUNERATION OF AUDITORS

Auditors of the Parent Entity and Group entities
Amounts received or due and receivable by auditors for:

	2014	2013
	$	$
Audit or review of the financial report of the entity	50,035	75,050
Tax compliance & other services	27,400	28,946
	77,435	**103,996**

NOTE 25: CONTINGENT ASSETS AND LIABILITIES

The directors are not aware of any contingent assets or any contingent liabilities as at 30 June 2014 (2013: nil).

NOTE 26: EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the reporting period, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations of the consolidated entity.

NOTE 27: OPERATING SEGMENT

(a) SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.
The Group is managed primarily on the basis of product category and service offerings. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and/or services provided by the segment;
- The manufacturing process;
- The type or class of customers for the products or services;
- The distribution method; and
- Any external regulatory requirements.

Assets and liabilities of the entity are used across all of the above operating segments and are not identified and allocated to each operating segment.

Notes to the year end financial statements

NOTE 27: OPERATING SEGMENT (Cont'd)

Types of products and services

The Manufacturing segment manufactures electric elements and metal components for industrial and household products, Appliance Parts segment is distribution of appliance parts for white goods, Services segment is providing repairs and maintenance of white goods and Technologies segment is distributing LED lights, and audio visual products primarily for the domestic market.

(b) SEGMENTS PERFORMANCE

Financial Year ending 30 June 2014	Manufacturing $	Appliance Parts $	Services $	Technologies $	All other segments $	Total $
Revenue						
External sales	2,958,009	8,870,466	1,508,036	2,102,263	1,408	15,440,182
Other revenue	7,855	58,648	18	-	65,969	132,490
Total segment revenue	**2,965,864**	**8,929,114**	**1,508,054**	**2,102,263**	**67,377**	**15,572,672**
Depreciation					77,618	77,618
Borrowing costs					150,915	150,915
Income tax expense					-	-
Segment net profit after tax	**915,732**	**498,783**	**101,327**	**701,082**	**(2,363,543)**	**(146,617)**

Notes to the year end financial statements

NOTE 27: OPERATING SEGMENT (Cont'd)

(b) SEGMENTS PERFORMANCE

Financial Year ending 30 June 2013	Manufacturing $	Appliance Parts $	Services $	Technologies $	All other segments $	Total $
Revenue						
External sales	2,817,301	9,861,733	86,532	-	-	12,765,566
Interest Revenue	16	3,205	-	-	-	3,221
Total segment revenue	**2,817,317**	**9,864,938**	**86,532**	**-**	**-**	**12,768,787**
Depreciation					56,866	56,866
Borrowing costs					120,074	120,074
Income tax expense					-	-
Segment net profit before tax	**(813,823)**	**397,744**	**3,474**	**-**	**(2,812,365)**	**(3,224,970)**

(c) GEOGRAPHICAL SEGMENTS

The manufacturing and merchandising/distribution segments of the group operate and derive revenue in Australia.
All segments assets are located in Australia

(d) MAJOR CUSTOMERS

The group has not supplied a single external customer who accounts for more than 10% of external revenue for the year (2013: None).

Stokes

Director's Declaration

For the financial year ended 30 June 2014

The directors declare that the financial statements and notes set out on pages 23 to 52 in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Stokes Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

This declaration is made in accordance with a resolution of the directors.

Con Scrinis
Director

Melbourne
04 September 2014

PITCHER PARTNERS

STOKES LIMITED
AND CONTROLLED ENTITIES
ABN 24 004 554 929

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STOKES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Stokes Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PITCHER PARTNERS

STOKES LIMITED
AND CONTROLLED ENTITIES
ABN 24 004 554 929

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STOKES LIMITED

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Stokes Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 14 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Stokes Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

D A KNOWLES
Partner

4 September 2014

PITCHER PARTNERS
Melbourne

STOKES LIMITED
ABN 24 004 554 929

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF STOKES LIMITED

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

D A KNOWLES
Partner

4 September 2014

PITCHER PARTNERS
Melbourne

Stokes

Shareholder Analysis and Other Stock Exchange Requirements

Statement of security holders as at 29 August 2014

Distribution of shareholders by sizes of holdings

1 - 1,000	172
1,001 - 5,000	55
5,001 - 10,000	15
10,001 - 100,000	58
100,001 and over	29
Total	329
Holding less than a marketable parcel	182

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder	Number	Percentage
Sandhurst Trustees Ltd <JMFG CONSOL A/C>	5,208,835	17.87
Boom Capital Pty Ltd	3,786,000	12.99
Greg Electrical Contractors Pty Ltd	3,500,000	12.01
Volantor Superannuation Fund Pty Ltd < Volantor Superannuation Fund>	3,490,000	11.97
Citicorp Nominees Pty Limited	1,429,000	4.90
Sandhurst Trustees Ltd <JM MPS A/C>	1,420,800	4.87
Miss Kristie Jinks + Mr Matthew Jinks + Miss Lisa Jinks <PV Super Fund A/C>	1,086,000	3.73
Prima Growth Fund Pty Ltd	1,026,245	3.52
Mr Matthew Peter Jinks <M & A PROPERTY A/C>	824,667	2.83
Skycar Investments Pty Ltd <SKYCAR SUPER FUND A/C>	600,000	2.06
Mrs Milly Elkington	529,725	1.82
DR Gordon Bradley Elkington	520,475	1.79
Mr Gregory Jinks + Mrs Dorothy Jinks <THE G D SUPER FUND A/C>	286,000	0.98
Volantor Superannuation Fund Pty Ltd < Volantor Superannuation Fund>	286,000	0.98
Dash Corp Pty Ltd	268,000	0.92
Winpar Holdings Limited	240,000	0.82
Honan Business Services Pty Limited <HONAN SUPER FUND A/C>	201,720	0.69
Mr Adam James Johnston	200,000	0.69
Mr Robert James Johnston + Mrs Thelma Jean Johnston	200,000	0.69
Seymour Pension Fund Pty Ltd <SEYMOUR FAMILY PEN FUND A/C>	200,000	0.69
	25,303,467	86.80

Substantial shareholders as per substantial shareholder advices held at 29 August 2014

Name	Number of Ordinary Shares to which Person Entitled
JM Financial Group Ltd	4,477,446
Con Scrinis	3,786,750
Peter Jinks	3,786,000
Greg Jinks	3,786,000

Securities subject to voluntary escrow
None

Unquoted equity securities
None

Stokes

Appliance Parts | Technologies | Service | Industrial

Annual Report 2014

'Stokes is a leading provider of technologies and service'

www.stokes.com.au