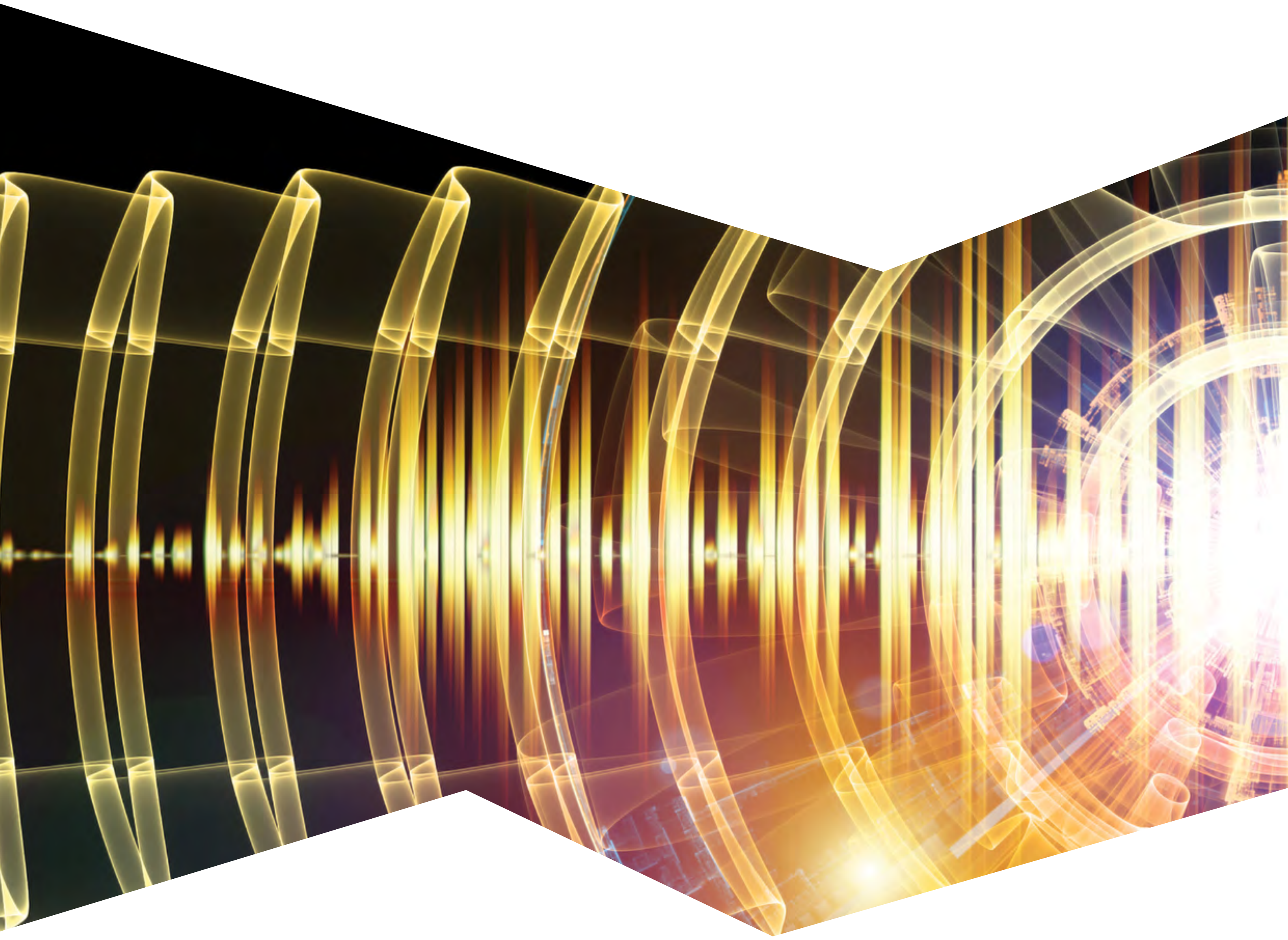
Annual Report 2015

'Leading provider of innovative technologies, products and solutions.'

Stokes



Industry Leader

Stokes is a leading provider of technologies, products and solutions.

Strong Growth

We are a rapidly expanding technologies company.

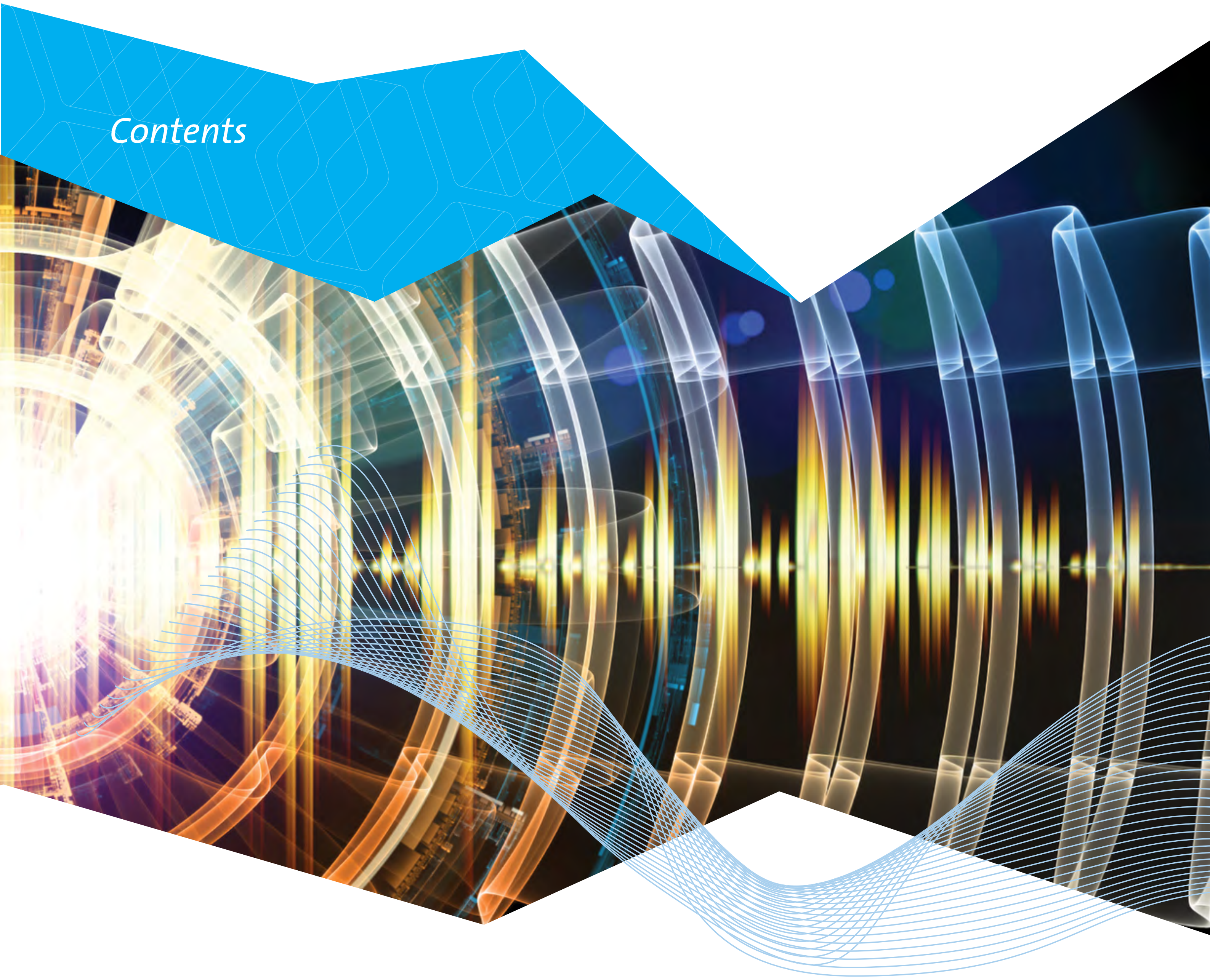
Experience

Stokes is an experienced provider of commerical audiovisual and lighting solutions.

Innovation

We are a national distributor for innovative lighting products.

Contents



'Stokes is a leading provider of innovative technologies, products and solutions, with offices and representatives throughout Australia. We create technology that makes business communication easier. We do this by providing powerful, easy to use solutions'.

Chairman's Review

The 2015 year will be characterised as one in which we completed a portfolio transformation, making us a better, stronger more focused company.

On behalf of the Board and Management team, I am extremely pleased to report the company has now completed the sale of its 'Appliance Parts' division for $5million, which will finalise the closure of its Ringwood manufacturing facility. 2015 will become a historic year in the company's 159 year history, from an old-world manufacturing business to a new-world technology organisation.

The Directors made the decision to sell the low growth appliance parts business in order to invest further into the high growth, rapidly expanding technologies division of; lighting and audiovisual products and solutions.

With the proceeds of the sale, the company now has a strong balance sheet and is positioned to take advantage of both organic growth and acquisition opportunities as they arise.

Over the past 12 months the company has invested heavily in the technologies division, which now employs 31 staff with offices in Melbourne, Sydney and Perth. Stokes offering includes a comprehensive range of audiovisual and lighting products and solutions aimed at the growing commercial, retail and industrial sector.

We are confident this investment will drive future results. We have assembled an experienced and proven team of motivated individuals capable of growing this business into a substantial organisation over the coming years.

The company has also made a promising start to the new financial year, with year to date orders over $2 million and a strong future project pipeline.

The Board is also pleased to announce the binding agreement entered into on the 24th August, to acquire an audiovisual and telecommunications product business. This is expected to form part of the company's rapid expansion program.

In addition, strategic technology research and development planning remain key areas of focus for the Board, and for the Management of Stokes in order to achieve company goals now and in the future.

I would like to take this opportunity to thank all stakeholders in the company and look forward to another successful year ahead.

Mr Peter Jinks
Non-Executive Chairman

'Our investment into the commercial, retail and industrial sectors, with a streamlined technologies portfolio and experienced leadership team, place Stokes in good stead to deliver strong growth in 2016, and well into the future'.

Managing Directors Review

Dear Shareholders,

As reflected in our Chairman's review, 2015 will go down as a breakthrough year in the long history of this great company, with the exiting of the Appliance Parts division via a $5 million sale and the closure of the Electric Elements manufacturing division.

Over the past two and half years, Management and staff have transformed the Appliance Parts division into a profitable business unit, enabling the sale of this business to take place.

In addition, the Electric Elements manufacturing business has been steadily downsized with 50% of its products being outsourced. This required a relocation to a much-needed smaller location, which would prove cost prohibitive, and in conjunction with declining sales we took the necessary step of closing this division down.

The sale proceeds of the Appliance Parts division will now allow the company to further invest in its rapidly expanding technologies division which currently consists of lighting and audiovisual products and solutions, aimed predominantly at the commercial sector.

This division was established approximately two years ago and currently employs 31 staff with offices in Melbourne, Sydney and Perth.

Progressing up the engineering value chain, Stokes continue to strengthen and support customers through a broadened product offering and office network for integrated maintenance and engineering support for audiovisual and lighting technology products.

Stokes is continually developing, sourcing and distributing new products, and runs a research and development program to expand its proprietary branded product range. This ensures the company keeps ahead of industry trends in order to deliver innovative customer solutions.

The company's proprietary 'Ascendancy' audiovisual control system has moved to full production. Providing customers with an intelligent, powerful and adaptable control system solution.

As a distributor of interior and exterior LED lighting and other energy efficient lighting products, Stokes successfully secured the exclusive Australian and Oceania distribution of the Forma Lighting and Ecopoint lighting product ranges. The environmental and economical savings for customers when converting to these products are substantial.

Along with its own offices, Stokes has also appointed exclusive lighting product distributors in Queensland, Western Australia and ACT. The company will continue to recruit experienced staff as it expands both geographically and by product range. Consequently, Stokes will be well placed to take advantage of an industry sector that is growing around the demand for new technology.

In 2014, the company's first full year of selling technologies, the division had sales of $2.1 million, with a comparison of $3.5million sales in the year just completed. The strong investment made in people and products over the past 12 months has built a strong foundation for the future, and we expect sales to grow at a continued rate over the coming years.

In addition, the acquisition of the new audiovisual and telecommunications product business, agreed on the 24th August, expects to boost our growth strategy in this sector. The business being acquired has been trading for 29 years, has revenues of approximately $1.5million and is currently at breakeven. The purchase price will be approximately $330,000 and is inclusive of stock. This business will give Stokes access to a broader product range and an additional customer base.

I'd like to take this opportunity and extend a big thank you to all staff for their tireless work over the past year, which has enabled this excellent outcome.

Mr Con Scrinis
Managing Director

'This year's results prove the company is more focused and fundamentally stronger. We have worked extremely hard to reshape our portfolio on which to launch the next phase of growth. Continued investment in the technology, tools and training that our people and customers require, will shape our future'.

Profile Review

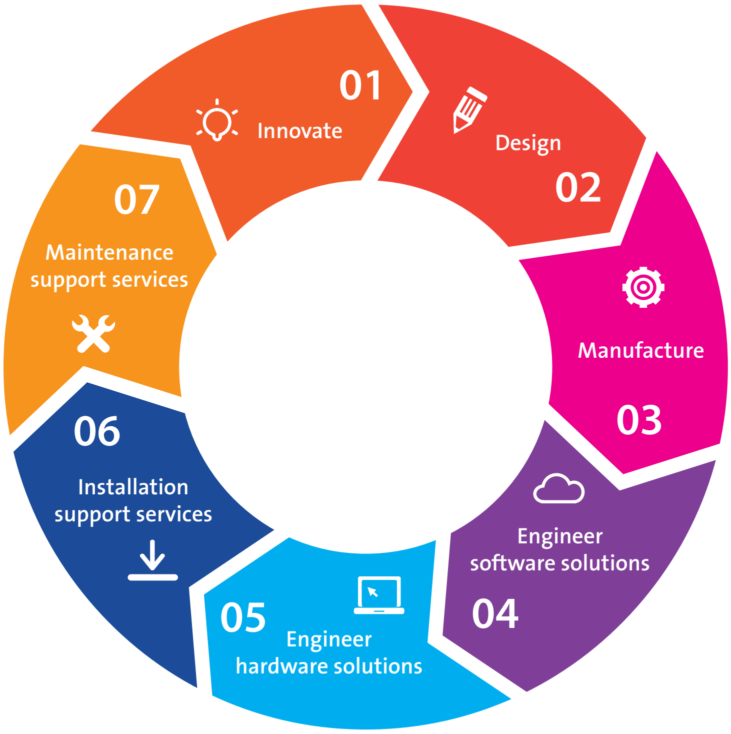
2015 Highlights

01	Expansion of technologies division.
02	New office locations in New South Wales and Western Australia with staff investment.
03	New proprietary products launched; Ascendancy provides automation & control solutions for meeting spaces. Worksphere workplace technology tailored to manage the operations, staff and environment.
04	Appointed exclusive Oceania lighting distributor for Formalighting.
05	New products, larger corporate customers and additional projects.
06	LED lighting proven for retrofitting existing customer installations, delivering significant power and maintenance savings.
07	Project pipeline continues to expand.
08	Focused business with long term sustainable growth.

Annual Financials

FINANCIAL SUMMARY	JUNE 2015	JUNE 2014
Revenue continued business	3,516,671	2,103,653
Reported Net Loss	(3,573,694)	(146,614)
Discontinued business loss	1,328,451	53,342
Increase in finance costs (con notes)	321,579	7,049
New business set up cost	1,850,000	-
Adjusted net loss for the year	(73,664)	(86,223)

Our Approach



'When you invest in a Stokes solution you benefit from a direct relationship with us every step of the way'.

Stokes accelerate growth with a portfolio transformation

Stokes (ASX:SKS) is an industry leader, providing innovative technologies, products and solutions with offices and representatives throughout Australia, Asia and the Pacific.

The Stokes business model is built around our ability to create and deliver technology solutions, making life simple for our customers. We do this by providing powerful software and integrated hardware solutions that are incredibly easy to use.

With strong capabilities in servicing national customers, Stokes provide innovative LED lighting products, audiovisual solutions and accessories to the commercial, industrial and retail markets.

We develop, market, sell, implement and support our solutions, which reduce time, cost and risk for our customers.

Our Services

Lighting Products & Solutions >

Stokes extensive electrical and lighting expertise includes the full range of interior and exterior LED lighting solutions for the residential, commercial and education market.

We use a consultative-style process to provide lighting product recommendations with “energy efficient choices” that meet our customer’s budget, energy reduction and ROI. As part of our recommendations, we offer complete turn-key installation and retrofit services to all our customers.

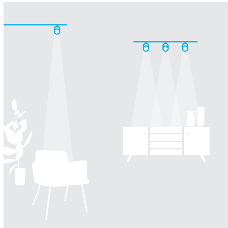
NLight formalighting

Audiovisual Products & Integration

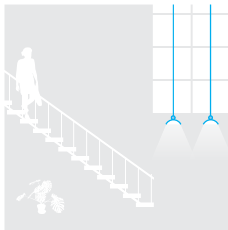
With the vision, courage and experience to deliver audiovisual installation solutions, Stokes have created a ‘one company, one complete solution’ approach for our customers. We do this by providing high level engineering and integration support necessary for every installation.

With over 40 years of experience in the electrical, audiovisual and communications industry, we support our customer’s complex and ultra specialised projects throughout Australia.

worksphere Ascendancy


Track & Spot

Modular Lighting System


Downlights

Recessed Luminaires

Surface Mounted

Pendant Luminaires

Continuous Row Systems

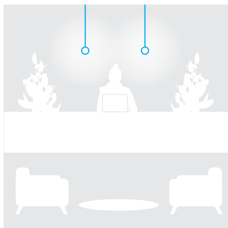
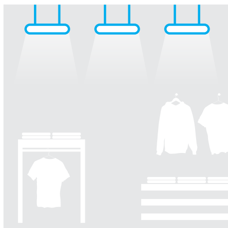
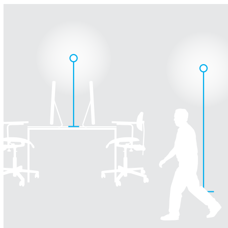


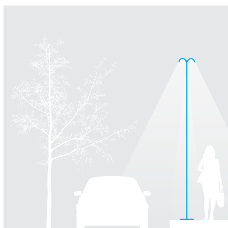
Table & Floor Lamps

Street & Area Lamping


Uplighting


Highbay

Weatherproof Luminaires


Outdoor Lighting

Lighting Management Systems

Accessories

Peter Jinks

Con Scrinis

Greg Jinks

Directors' Biographies

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.

'Our people make us different. We are energetic about supporting and guiding our clients in equal measure. We're passionate about making a measurable impact in all that we do'.

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

Stokes Registered Office

53 Stanley Street
West Melbourne, Victoria 3003
Tel (03) 9289 5000
Fax (03) 9289 5050
Website www.stokes.com.au
Email info@stokes.com.au

Share Registry

Computershare Investor Services
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

'Our unique culture and approach deliver enduring results, true to each client's specific situation. We'll always do the right thing by our clients, our people and our communities'.

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 2015 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 *- Appointed 09 October 2012 as a non-executive director and chairman*

Greg Jinks *- 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).

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 specialises 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 2014.

Con Scrinis *- Appointed 16 October 2012 as a 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 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. On the 4th June 2015 the Company entered into a sale agreement for its Appliance Parts business which subsequently settled on 31 July 2015, and announced the shut down of the Industrial Manufacturing Business by end of September 2015. With this change the company is now able to concentrate on the rapidly expanding technologies division of lighting and audio visual products and solutions.

The Stokes Technologies division currently employs 31 staff with offices in Melbourne, Sydney and Perth and offers a comprehensive range of products and solutions aimed at the growing commercial and industrial sector.

Operating results

The consolidated group made a loss of $3,573,694 for the year ended 30 June 2015 (2014: loss of $146,617).

Major change in the trading result for the year ended 30 June 2015, as compared to the previous corresponding period are attributable to a number of factors which include $1.33 million losses from discontinued operations, sale of Appliance Parts business and closing down of industrial and manufacturing business and $1.85 million in additional costs associated with the technologies business including the one off costs of establishing interstate offices. The Technologies division is expected to deliver significant revenue growth opportunities in coming years.

Principal Activities

The principal business activity of Stokes is now the distribution of lighting and audio visual products.

Directors' Report (continued)

Significant Changes in the State of Affairs

On 31 July 2015, the company completed the sale of the Appliance Parts division and will record a $2.43 million profit on sale of business. The company will discontinue and close its manufacturing industrial heating division at the end of August 2015 and exit the premises in Ringwood Victoria by November 2015 coinciding with the end of the lease. The company will incur costs of $1.30 million for employee redundancies pay out and other incidental costs in relation to shut down of the industrial and manufacturing division.

Other than the disclosure above 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. On 31 July 2015, the Company paid out its debtor finance facilities in full.

Dividends

No dividends have been paid, declared or recommended but not paid by the company in respect of the year ended 30 June 2015 or the year ended 30 June 2014.

Options

No options were granted by the company over any unissued shares or unissued interests during the years ended 30 June 2015 and 30 June 2014 and, as at the date of this report, there were no unissued shares or interest in the company under option.

Outlook

The Technologies division operates within the project construction industry but given the start up nature and the immediate successes we have had we expect 2015/16 to be a year of high growth for the company. Following the sale of the Appliance Parts division we have entered the year with a vastly improved cash position which will enable the company to take advantage of opportunities as they arise.

Events Subsequent to Balance Date

Since the end of the reporting period, the company completed the settled sale of the Services business on 21 July 2015.

On 31 July 2015 the company completed the settled sale of the Appliance Part distribution business and significantly reduced manufacturing of industrial heating division pending closure of this facility by 31 August 2015.

On 24 August the company announced its intention to acquire an audio visual and telecommunications products business for $330,000 (approximate) total costs inclusive of stock on hand. The Company has paid $30,000 as a deposit for the acquisition of this business as at 30 June 2015.

Apart from above 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' Report (continued)

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 declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report on page 44.

Non-Audit Services

The Company's auditors Pitcher Partners provided non-audit services in relation to tax compliance services to the Company for which $13,800 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.*

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.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for key management personnel 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.

Details of key management personnel

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

Directors' and other officers' emoluments

2015	**Short-term**	**Long-term**	**Post-employment**	**Total 2015**
	Salary and fees **$**	Long service leave **$**	Superannuation **$**	**$**
Peter Jinks	47,705	-	2,019	49,724
Greg Jinks	245,226	-	-	245,226
Con Scrinis	277,750	-	-	277,750
Total	570,681	-	2,019	572,700

Directors' 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' 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

Remuneration Report (Audited) (Continued)

As at 30 June 2014, 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	3,776,000	3,786,000
Greg Jinks	-	3,786,000	3,786,000
Con Scrinis	750	3,786,000	3,786,750

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

As at 30 June 2014, the key management personnel had relevant interests in the following number of Convertible Notes in Stokes Limited:

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

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 the right issue of convertible notes in June 2014.

Lawson lodge, a conference centre owed by Greg Jinks invoiced the company for $13,958. The transaction was on an arms length basis on normal commercial terms and conditions.

Key management personnel did not receive any share based compensation during the year.

Corporate governance statement

The Board of Directors of Stokes Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the Stokes website at www.stokes.com.au.

Voting and comments made at the company's 2014 Annual General Meeting (AGM)

The company received 99.8% of 'for' votes in relation to its remuneration report for the year ended 30 June 2014. The resolution to adopt the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2014 was carried as an ordinary resolution. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Signed on 31 August 2015 in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Con Scrinis
Director

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 $	2014 $
Revenue and other income			
Sales revenue	5(a)	3,516,671	2,103,653
Other income	5(b)	11,647	64,369
Total Revenue and other income		**3,528,318**	**2,168,022**
Expenses			
Cost of sales		(2,737,164)	(1,100,077)
Selling expenses		(694,079)	(335,360)
Occupancy expenses		(118,303)	(6,963)
Administration expenses		(1,750,940)	(635,210)
Depreciation and amortisation	5(c)	(66,285)	(33,872)
Finance costs	5(c)	(406,790)	(149,812)
Total Expenses		**(5,773,561)**	**(2,261,294)**
Loss before income tax		**(2,245,243)**	**(93,272)**
Income tax expense		-	-
Loss after income tax from continuing operations		**(2,245,243)**	**(93,272)**
Loss after income tax from discontinued operations	4	(1,328,451)	(53,345)
Loss for the year		**(3,573,694)**	**(146,617)**
Other Comprehensive Income		**-**	**-**
Other Comprehensive Income for the year net of tax		**-**	**-**
Total Comprehensive Income for the year		**(3,573,694)**	**(146,617)**
Loss attributable to: members of the Parent Entity	17	**(3,573,694)**	**(146,617)**
Total comprehensive income attributable to members of the parent arises from:			
Continuing operations		(2,245,243)	(93,272)
Discontinued operations		(1,328,451)	(53,345)
		(3,573,694)	**(146,617)**
Loss per share from continuing operations (cents per share)			
Basic	18	**(7.70)**	**(0.34)**
Diluted	18	**(6.16)**	**(0.34)**
Loss per share from discontinued operations (cents per share)			
Basic	18	**(4.56)**	**(0.20)**
Diluted	18	**(3.65)**	**(0.20)**

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position
as at 30 June 2015

	Notes	2015 $	2014 $
Current Assets			
Cash and cash equivalents	22 (a)	298,523	2,525,541
Trade and other receivables	8	2,535,501	2,099,158
Inventories	9	393,671	2,985,010
Other assets	10	341,935	505,606
		3,569,630	8,115,315
Assets held for sale	4	2,065,204	-
Total Current Assets		**5,634,834**	**8,115,315**
Non-Current Assets			
Plant and equipment	12	327,369	526,432
Intangible Assets	11	-	199,486
Total Non-Current Assets		**327,369**	**725,918**
Total Assets		**5,962,203**	**8,841,233**
Current Liabilities			
Trade and other payables	13	2,910,315	1,730,396
Borrowings	14	882,942	1,429,170
Provisions – Employee benefits	15	319,611	639,898
		4,112,868	3,799,464
Liabilities held for sale	4	246,220	-
Total Current Liabilities		**4,359,088**	**3,799,464**
Non-Current Liabilities			
Borrowings	14	2,721,762	2,584,408
Provisions – Employee benefits	15	79,499	81,813
Total Non-Current Liabilities		**2,801,261**	**2,666,221**
Total Liabilities		**7,160,349**	**6,465,685**
Net Assets		**(1,198,146)**	**2,375,548**
Equity			
Contributed equity	16	**10,426,352**	**10,426,352**
Accumulated losses	17	**(11,624,498)**	**(8,050,804)**
Total Equity		**(1,198,146)**	**2,375,548**

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows
for the year ended 30 June 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		15,819,035	16,785,821
Payments to suppliers and employees		(17,449,416)	(18,937,162)
Interest received		2,138	3,240
Finance costs		(340,285)	(143,867)
Net cash used in operating activities	22 (d)	**(1,968,528)**	**(2,291,968)**
Cash flows from investing activities			
Payment for property, plant and equipment	12	(334,616)	(372,386)
Deposit received – sale of business		515,000	-
Deposit paid for future business acquisition		(30,000)	-
Net cash provided by / (used in) investing activities		**150,384**	**(372,386)**
Cash flows from financing activities			
Proceeds from issue of share capital	16	-	1,905,333
Proceeds from issue of convertible notes		-	2,351,042
(Repayments)/proceeds from borrowings		(408,874)	200,857
Net cash provided by / (used by) financing activities		**(408,874)**	**4,457,232**
Net increase in cash held		**(2,227,018)**	**1,792,878**
Cash and cash equivalents at the beginning of the financial year		2,525,541	732,663
Cash and cash equivalents at the end of the financial year	22(a)	**298,523**	**2,525,541**

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity
for the year ended 30 June 2015

	Contributed Equity $	Accumulated losses $	Total $
As at 1 July 2013	**8,521,019**	**(7,904,187)**	**616,832**
Loss 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)
As at 30 June 2014	**10,426,352**	**(8,050,804)**	**2,375,548**

	Contributed Equity $	Accumulated losses $	Total $
As at 1 July 2014	**10,426,352**	**(8,050,804)**	**2,375,548**
Loss for the year	-	(3,573,694)	(3,573,694)
At 30 June 2015	**10,426,352**	**(11,624,498)**	**(1,198,146)**

The above statement should be read in conjunction with the accompanying notes

Notes to the financial statements for the year ended 30 June 2015

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.

The financial report of Stokes Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 31 August 2015.

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.

Significant 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 are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity 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.

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 subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

(c) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquire. Deferred consideration payable is measured at fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair 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.

Notes to the financial statements for the year ended 30 June 2015

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

Business Combinations (continued)

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair 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), the gain is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

(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 a going concern

The ability of the Group to 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 net asset deficiency of $1,198,146 at 30 June 2015 (30 June 2014 – positive net assets of $2,375,548), reported net loss of $3,573,694 (2014: loss of $146,617) and negative cash flows from operating activities of $1,968,528 (2014: $2,291,968), the directors believe the going concern basis is appropriate due to the following factors

- The Group's forward budget and cash flow projections are based on the revenue from the expanding technologies division of lighting and audio visual products and solutions. The directors have reviewed and approved the Group's forward budget and which shows positive cash flow projections.
- In July 2015, the Company received net proceeds of $4.1 million from the sale of the Appliance Parts business and paid out its bank debt.
- 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

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Notes to the financial statements for the year ended 30 June 2015

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

Financial Instruments (continued)

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Held-to-maturity investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.
Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments

The consolidated entity holds derivative financial instruments to hedge its risk exposures from foreign currency and interest rate movements.

Derivatives are initially recognised at fair value and applicable transaction costs are recognised in profit or loss as they are incurred. After initial recognition, derivatives that are not designated in a qualifying hedge relationship are measured at fair value and changes in value are recognised immediately in profit or loss. Derivatives designated as hedging instruments are accounted for as described below.

Some financial instruments have embedded derivatives within them. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

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 noteholder, 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.

Notes to the financial statements for the year ended 30 June 2015

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

Financial Instruments (continued)

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.

For available-for-sale financial assets carried at cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

For available-for-sale financial assets carried at fair value through other comprehensive income, the impairment loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. If the asset is impaired, the cumulative loss is reclassified from equity to the profit or loss. For equity investments, the impairment loss is not reversed through profit or loss. For debt investments, the impairment loss is reversed through profit or loss if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss

(g) 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.

(h) 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.

(i) Inventories

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

Costs 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.

Notes to the financial statements for the year ended 30 June 2015

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

(j) 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.

(k) 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.

(l) 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.

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.

(m) Provisions

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.

(n) 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.

Notes to the financial statements for the year ended 30 June 2015

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

Leases (continued)

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.

(o) Revenue recognition

Revenue from the sale of goods 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 to have passed to the buyer at the time of delivery of the goods to the customer.

Revenue from rendering of services to customers is recognised upon delivery of the service to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(p) 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.

(q) 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.

Notes to the financial statements for the year ended 30 June 2015

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

(r) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. 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.

(s) Comparatives

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

(t) Accounting standards and interpretations Issued but not yet effective at 30 June 2015

AASB 15 Revenue from contracts with customers

AASB 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

AASB 9 Financial Instruments

AASB 9 introduces significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

AASB 9 amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Chapter 6 *Hedge Accounting* supersedes the general hedge accounting requirements in AASB 139 *Financial Instruments: Recognition and Measurement*, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows:

- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139);
- changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and
- modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80-125%).

Revised disclosures about an entity's hedge accounting have also been added to AASB 7 *Financial Instruments: Disclosures*.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.

Notes to the financial statements for the year ended 30 June 2015

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

The effective date is annual reporting periods beginning on or after 1 January 2018.

The available-for-sale investments held will be classified as fair value through other comprehensive income and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was $0. Other impacts on the reported financial position and performance have not yet been determined.

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:

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 5.

Impairment of Goodwill
The recoverable amount of Goodwill is based on value in use calculations. The company entered into a contract to sell the Appliance Parts business which settled on 31 July 2015. The sale proceeds exceeded the carrying value of net assets of the Appliance Parts business beyond the value of goodwill accordingly it was not deemed to be impaired at 30 June. The goodwill was transferred to assets held for sale. In relation to the goodwill related to Aussie Whitegoods the goodwill was deemed to be fully impaired at 30 June 2015

Notes to the financial statements for the year ended 30 June 2015

NOTE 4: DISCONTINUED OPERATION

On 4 June 2015, the Company entered into a contract to sell its business of distribution of Appliance Parts and Services, and announced the closure of a division manufacturing industrial heating elements. This will enable management to concentrate on the rapidly expanding technologies division of lighting and audio visuals products and solutions.

The results of the discontinued operations for the period until disposal are presented below:

	2015 $	2014 $
(i) Financial performance information		
Revenue and other income		
Sales revenue	11,291,078	13,336,529
Other income	27	68,122
Total Revenue and other income	**11,291,105**	**13,404,651**
Expenses		
Total expenses	(12,235,630)	(13,414,251)
Depreciation and amortisation	(284,441)	(43,745)
Impairment of goodwill	(99,485)	-
Total Expenses	**(12,619,556)**	**(13,457,996)**
Loss before income tax - discontinued operations	**(1,328,451)**	**(53,345)**
Income tax expense	-	-
Loss after income tax - discontinued operations	**(1,328,451)**	**(53,345)**
(ii) Cash flow information		
Net cash used in operating activities	(944,525)	(584,702)
Net cash used in investing activities	(95,066)	(372,386)
Net cash flow	**(1,039,591)**	**(957,088)**
(iii) Carrying amount of assets and liabilities		
Assets		
Inventory	1,782,250	-
Property plant and equipment	182,953	-
Goodwill	100,001	-
Assets classified as held for sale	**2,065,204**	**-**
Liabilities		
Provisions – Employee benefits	246,220	-
Liabilities classified as held for sale	**246,220**	**-**
Net assets attributable to discontinued operation	**1,818,984**	**-**
Consideration received or receivable (excluding transaction costs)	**4,565,000**	**-**

Notes to the financial statements for the year ended 30 June 2015

NOTE 5: INCOME AND EXPENSES

	Notes	2015 $	2014 $
(a) Sales revenue			
Sales revenue		**3,516,671**	**2,103,653**
(b) Other income			
Interest revenue		2,111	3,240
Sundry income		9,536	61,129
Total other income		**11,647**	**64,369**
Total revenue and other income		**3,528,318**	**2,168,022**
(c) Expenses			
Finance Costs:			
Interest - other entities		85,211	142,763
Interest – Convertible notes		255,074	5,591
Amortisation of deferred borrowing cost		66,505	1,458
		406,790	**149,812**
Depreciation and amortisation of non-current assets:			
Plant and equipment - continuing operation		66,285	33,872
Plant and equipment - discontinued operation		284,441	43,745
Operating lease rental expenses - continuing operation		118,303	28,117
Operating lease rental expenses - discontinued operation		661,584	633,466
Employee Benefits:			
-Wages and superannuation		1,454,905	1,401,660
Impairment of Goodwill:		99,485	-

Notes to the financial statements for the year ended 30 June 2015

Note 6: DIRECTOR'S AND EXECUTIVE'S COMPENSATION

(a) Details of 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

(b) Remuneration by Category: Directors and Executives

	Notes	2015 $	2014 $
Short-term employee benefits		570,681	505,640
Long-term employee benefits		-	-
Post-employment Employee benefits		2,019	2,359
Total		**572,700**	**507,999**

NOTE 7: INCOME TAX

(a) Prima facie tax benefit on loss before income tax is reconciled to the income tax as follows:

	2015	2014
(Loss)before income tax-continuing operations	(2,245,243)	(93,272)
(Loss)before income tax-discontinued operations	(1,328,451)	(53,345)
	(3,573,694)	**(146,617)**
Income tax benefit calculated at 30%	(1,072,108)	(43,985)
Temporary differences and tax losses not brought to account as future income tax benefits	1,072,108	43,985
	-	-

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

	2015	2014
Attributable to temporary differences	205,370	228,127
Attributable to tax losses	1,487,239	3,299,873
	1,692,609	**3,528,000**

Notes to the financial statements for the year ended 30 June 2015

NOTE 8 CURRENT TRADE AND OTHER RECEIVABLES

	2015	2014
	$	**$**
Trade debtors	2,555,060	2,058,977
Impairment loss and credit claims	(19,802)	(18,542)
Other receivable	243	58,723
	2,535,501	**2,099,158**
Movements in the provision for impairment were:		
Opening balance at 1 July	(18,542)	(35,328)
Charge for the year	(11,736)	(8,537)
Amounts written off	10,476	25,323
Closing balance at 30June	**(19,802)**	**(18,542)**

Trade receivables ageing analysis at 30 June is	**Gross 2015**	**Impairment 2015**	**Gross 2014**	**Impairment 2014**
		$		**$**
Not past due	1,313,074	-	1,040,705	-
Past due 31-60 days	945,617	-	839,325	-
Past due 61-90 days	218,802	-	153,866	-
Past due more than 91 days	77,567	(19,802)	25,081	(18,542)
	2,555,060	**(19,802)**	**2,058,977**	**(18,542)**

NOTE 9: INVENTORIES

	2015	2014
	$	**$**
Raw materials	-	196,371
Work in progress	-	65,009
Finished goods	393,671	2,723,630
At lower of cost and net realisable value	**393,671**	**2,985,010**

NOTE 10: OTHER CURRENT ASSETS

Prepayments and other assets	341,935	505,606
	341,935	**505,606**

Notes to the financial statements for the year ended 30 June 2015

NOTE 11: INTANGIBLE ASSETS

	Notes	2015	2014
		$	$
Goodwill at cost – Appliance Parts		-	100,001
Goodwill at cost – Aussie Whitegoods		-	99,485
		-	**199,486**

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

Goodwill		
Carrying value as at 1 July	199,486	199,486
Impairment	(99,485)	-
Transfer to assets held for sale	(100,001)	-
Carrying value as at 30 June	**-**	**199,486**

NOTE 12: PLANT & EQUIPMENT

Plant and equipment		
At cost	1,186,034	5,140,930
Accumulated depreciation	(858,665)	(4,614,498)
	327,369	**526,432**

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

Plant and equipment		
Carrying value as at 1 July	526,432	231,664
Additions	334,616	372,386
Transfer to assets held for sale	(182,953)	-
Disposals	(4,106,559)	(10,817)
Depreciation write back on disposal	4,106,559	10,817
Depreciation expense	(350,726)	(77,618)
Carrying value as at 30 June	**327,369**	**526,432**

NOTE 13: CURRENT TRADE AND OTHER PAYABLES

Trade payables	1,395,547	1,539,167
Accruals	262,984	161,953
Goods and services tax (GST)	48,907	29,276
Deposit received - sale of business	515,000	-
Unearned revenue	687,877	-
	2,910,315	**1,730,396**

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

Notes to the financial statements for the year ended 30 June 2015

NOTE 14: BORROWINGS

	2015	2014
	$	**$**
(a) Current		
Secured:		
Bank and other loans (i)	835,696	1,421,776
Lease finance (ii)	47,246	7,394
	882,942	**1,429,170**
(b) Non Current		
Secured:		
Lease finance (ii)	171,025	33,671
Unsecured:		
Convertible Notes (iii)	2,550,737	2,550,737
	2,721,762	**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. On 31 July 2015, the Company paid out bank borrowing in full.

(ii) Both current and non-current finance leases were secured by assets acquired utilising finance lease facilities.

(iii) The Convertible Notes are a 3 year loan financial instrument 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 15: PROVISION – EMPLOYEE BENEFITS

Balance at 1 July	721,711	832,361
Provision for the year	340,823	414,047
Amounts used	(417,204)	(524,697)
Transfer to liabilities held for sale	(246,220)	-
Balance as at 30 June	**399,110**	**721,711**
(a) Employee benefits – Current	319,611	639,898
(b) Employee benefits – Non Current	79,499	81,813
	399,110	**721,711**

Notes to the financial statements for the year ended 30 June 2015

NOTE 16: CONTRIBUTED EQUITY

	Notes	2015	2014
		$	**$**
29,151,281 ordinary shares (2014: 29,151,281)		**10,426,352**	**10,426,352**
Balance as at 1 July		10,426,352	8,521,019
5,750,000 share issued at 35 cents		-	2,012,500
Capital raising costs for the share issue		-	(107,167)
Balance as at 30 June		**10,426,352**	**10,426,352**

During the prior 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.

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	(8,050,804)	(7,904,187)
Net Loss	(3,573,694)	(146,617)
Balance at end of year	**(11,624,498)**	**(8,050,804)**

NOTE 18: LOSS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

Loss from continuing operations	(2,245,243)	(93,272)
Loss from discontinued operations	(1,328,451)	(53,345)
Loss used in the calculation of basic loss per share	**(3,573,694)**	**(146,617)**
Loss used in calculating diluted earnings per share		
Adjustments:	(3,573,694)	(146,617)
Interest on convertible notes	255,074	-
Earnings used in calculating diluted earnings per share	**(3,318,620)**	**(146,617)**

	2015	2014
	No of Shares	**No of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	29,151,281	27,132,037
Effect of dilutive securities:		
Convertible notes	7,287,820	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**36,439,101**	**27,132,037**

Notes to the financial statements for the year ended 30 June 2015

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 Australian Accounting Standards

	Notes	2015 $	2014 $
Statement of Financial Position			
a. Current assets		4,105,235	7,837,041
b. Non current assets		448,491	873,063
c. Total assets		4,553,726	8,710,104
d. Current liabilities		2,895,946	3,718,428
e. Non current liabilities		2,740,357	2,664,681
f. Total liabilities		5,636,302	6,383,109
g. Shareholders equity			
i) Issued capital		10,426,352	10,426,352
ii) Accumulated losses		(11,508,927)	(8,099,358)
Statement of Comprehensive Income			
h. Net Profit / (loss)		(3,409,569)	387,491
i. Total comprehensive income		(3,409,569)	387,491
Guarantees			
j. Guarantees provided by parent entity in relation to the debts of the subsidiaries		-	-

NOTE 20: COMMITMENTS FOR EXPENDITURE

	2015	2014
Non-cancellable operating leases:		
Property: (i)		
Not later than one year	363,486	544,585
Later than one year but not later than two years	226,385	374,954
Later than two years but not later than five years	185,362	738,787
	775,233	**1,658,326**
Plant and equipment: (ii)		
Not later than one year	26,010	29,170
Later than one year but not later than two years	22,091	26,010
Later than two years but not later than five years	-	22,091
	48,101	**77,271**
	823,334	**1,735,597**

Notes to the financial statements for the year ended 30 June 2015

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	
		2015	**2014**
Parent Entity			
Stokes Limited	Australia		
Controlled Entities			
SKS Services Group Pty Limited*	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

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	48,946	52,643
Cash at bank	241,743	2,470,898
Deposits	7,834	2,000
	298,523	**2,525,541**

(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 financial statements for the year ended 30 June 2015

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

	2015	2014
	$	$
(c) Facilities in use at the end of the financial year		
Bank and other loans (i)	835,696	1,421,776
Lease finance (ii)	218,271	41,065
	1,053,967	**1,462,841**

i) On 31 July 2015 the Company repaid bank loans in full

ii) At the date of this report, the financier continues to provide finance lease facilities. Finance leases are secured against the assets purchased utilising finance leases

(d) Reconciliation of net cash used in operating activities to net loss after income tax.

Net Loss after income tax	(3,573,694)	(146,617)
Goodwill impairment	99,485	-
Depreciation of plant and equipment	350,726	77,618
Amortisation of deferred borrowing costs	57,693	1,458
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(436,344)	(309,596)
Current inventories	809,089	(1,192,788)
Other current assets	135,979	(246,332)
Increase/(decrease) in liabilities:		
Current trade payables	(22,958)	210,044
Other liabilities	687,877	-
Provisions	(76,381)	(685,755)
Net cash (used in) operating activities	**(1,968,528)**	**(2,291,968)**

NOTE 23: FINANCIAL RISK MANAGEMENT

(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.

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.

Notes to the financial statements for the year ended 30 June 2015

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

There are no foreign currency contracts outstanding at the reporting date (2014: 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 its 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 financial statements for the year ended 30 June 2015

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	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Consolidated Group								
Financial liabilities due for payment								
Bank loans	(882,942)	(1,429,170)	(171,025)	(33,671)	-	-	(1,053,967)	(1,462,841)
Trade and other payables	(1,707,438)	(1,730,396)	-	-	-	-	(1,707,438)	(1,730,396)
Convertible Notes	-	-	(2,550,737)	(2,550,737)	-	-	(2,550,737)	(2,550,737)
Total contractual outflows	**(2,590,380)**	**(3,159,566)**	**(2,721,762)**	**(2,584,408)**	**-**	**-**	**(5,312,142)**	**(5,743,974)**
Financial assets — cash flows realisable								
Cash and cash equivalents	298,523	2,525,541	-	-	-	-	298,523	2,525,541
Trade and other receivables	2,535,501	2,099,158	-	-	-	-	2,535,501	2,099,158
Total anticipated inflows	**2,834,024**	**4,624,699**	**-**	**-**	**-**	**-**	**2,834,024**	**4,624,699**

Notes to the financial statements for the year ended 30 June 2015

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 2015:

	Weighted average interest rate	Variable interest rate	Fixed Interest Rate Maturity		Non-interest bearing	Total
	%		Less than 1 year	2 to 5 years		
Year ended 30 June 2015						
Financial Assets						
Cash and cash equivalents	1.2	249,577	-	-	48,946	298,523
Current receivables	-	-	-	-	2,535,501	2,535,501
		249,577	**-**	**-**	**2,584,447**	**2,834,024**
Financial Liabilities						
Trade and other payables		-	-	-	1,707,438	1,707,438
Bank and other loans	9.27	835,696	47,246	171,025		1,053,967
Convertible Notes	10.0	-	-	2,550,737	-	2,550,737
		835,696	47,246	2,721,762	1,707,438	5,312,142
Year ended 30 June 2014						
Financial Assets						
Cash and cash equivalents	2.25	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 -	10.13	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

Notes to the financial statements for the year ended 30 June 2015

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:

	2015	2014
	$	**$**
Audit or review of the financial report of the entity	79,288	50,035
Tax compliance & other services	13,800	27,400
	93,088	**77,435**

NOTE 25: CONTINGENT ASSETS AND LIABILITIES

The directors are not aware of any contingent assets or any contingent liabilities as at 30 June 2015 (2014: nil).

NOTE 26: EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the reporting period, the company completed the settled sale of the Services business on 21 July 2015.

On 31 July 2015 the company completed the settled sale of the Appliance Part distribution business and significantly reduced manufacturing of industrial heating division pending closure of this facility by 31 August 2015.

On 24 August the company announced its intention to acquire an audio visual and telecommunications products business for $330,000 (approximate) total costs inclusive of stock on hand. The Company has paid $30,000 as a deposit for the acquisition of this business as at 30 June 2015.

Apart from above 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

On 4 June 2015, the Company entered into a contract to sell its Appliance Parts and Services business units and also announced to close the its industrial and Manufacturing operation. This is disclosed in the financial statements as discontinued operation in the statement of comprehensive income and assets and liabilities held for sale in the statement of financial position. Refer to Note 4. With this change the Company now predominantly left single business operations of Technologies Products, hence there is no informations on operating segments provided in this report.

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 June 2015

The directors declare that the financial statements and notes set out on pages 18 to 43 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 2015 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 2015.

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

Con Scrinis
Director

Melbourne
31 August 2015

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF STOKES LIMITED

In relation to the independent audit for the year ended 30 June 2015, 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.

This declaration is in respect of Stokes Limited and the entities it controlled during the year.

D A KNOWLES
Partner

31 August 2015

PITCHER PARTNERS
Melbourne

STOKES LIMITED
ABN 24 004 554 929
AND CONTROLLED ENTITIES

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 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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.

STOKES LIMITED
ABN 24 004 554 929
AND CONTROLLED ENTITIES

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 and controlled entities 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 2015 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 15 to 16 of the directors' report for the year ended 30 June 2015. 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 and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

D A KNOWLES
Partner

31 August 2015

PITCHER PARTNERS
Melbourne

Shareholder Analysis and Other Stock Exchange Requirements

Statement of security holders as at 27 August 2015

Distribution of shareholders by sizes of holdings

1 - 1,000	170
1,001 - 5,000	56
5,001 - 10,000	17
10,001 - 100,000	58
100,001 and over	25
Total	326

Holding less than a marketable parcel 170

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder	Number	Percentage
Sandhurst Trustees Ltd <JMFG CONSOL A/C>	5,760,194	19.76
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
Prima Growth Fund Pty Ltd	1,436,776	4.93
Citicorp Nominees Pty Limited	1,429,000	4.90
Miss Kristie Jinks + Mr Matthew Jinks + Miss Lisa Jinks <PV Super Fund A/C>	1,086,000	3.73
Sandhurst Trustees Ltd <JM MPS A/C>	840,141	2.88
Mr Matthew Peter Jinks <M & A PROPERTY A/C>	824,667	2.83
Skycar Investments Pty Ltd <SKYCAR SUPER FUND A/C>	743,000	2.55
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
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>	175,000	0.60
Mr Geoffrey Biggs + Mrs Dianne Biggs <BIGGS SUPER FND A/C)	133,333	0.46
	25,696,031	88.15

Substantial shareholders as per substantial shareholder
advices held at 27 August 2015

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

(d) **Securities subject to voluntary escrow**
None

(e) **Unquoted equity securities**
None

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