

29 August 2014

Announcements Officer
ASX Market Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

**Stokes Limited (SKS) – Appendix 4E Preliminary final report
For the financial year ended 30 June 2014**

In accordance with ASX Listing Rule 4.3a, I enclose an appendix 4E for the financial year ended 30 June 2014.

Yours sincerely


Hemant Amin
Company Secretary

**Results for announcement to the market
For the Year Ended 30 June 2014**

Previous Corresponding Reporting Period	30 June 2013			\$
Revenue from ordinary activities	Up	19%	to	15,572,672
Loss from ordinary activities after tax attributable to members	Down	95%	to	(146,617)
Net loss for the year attributable to members	Down	95%	to	(146,617)

Dividend

	Amount per Security	Franked amount per Security
Interim Dividend - Current period	Nil	Nil
- Previous corresponding period	Nil	Nil
Final Dividend - Current period	Nil	Nil
- Previous corresponding period	Nil	Nil

Brief explanation of any of the figures reported above or other item(s) of importance not previously released to the market.

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

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

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

The new technologies division of lighting and audio visual products and services has made excellent progress and achieved revenues of \$2.1 million the majority of which was achieved in the second half. There have been some major contract wins and we have now established a pipeline of potential opportunities to drive growth in 2015.

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

With a strong start to the new financial year we are looking forward to another productive 12 months as the company continues its major transformation.



Con Scrinis
Managing Director

Melbourne
29 August 2014

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

	Notes	2014 \$	2013 \$
Revenue			
Sales revenue	2(a)	15,440,182	12,768,787
Other income	2(b)	132,490	285,922
Total Revenue		15,572,672	13,054,709
Expenses			
Cost of sales		(10,082,476)	(9,119,779)
Selling expenses		(2,171,718)	(3,479,788)
Occupancy expenses		(631,515)	(689,990)
Administration expenses		(2,605,046)	(2,813,182)
Depreciation and amortisation	2(c)	(77,618)	(56,866)
Finance costs	2(c)	(150,916)	(120,074)
Total Expenses		(15,719,289)	(16,279,679)
Loss Before Income Tax		(146,617)	(3,224,970)
Loss for the year		(146,617)	(3,224,970)
Other Comprehensive Income		-	-
Other Comprehensive Income for the year net of tax		-	-
Total Comprehensive Income for the year		(146,617)	(3,224,970)
Loss attributable to: members of the Parent Entity	5	(146,617)	(3,224,970)
Loss per share from continuing operations (Cents per share)	7	(0.54)	(20.09)
Diluted Loss per share from continuing operations (Cents per share)	7	(0.54)	(20.09)

The above statement should be read in conjunction with accompanying notes

Consolidated Statement of Financial Position as at 30 June 2014

	Notes	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	6 (a)	2,525,541	732,663
Trade and other receivables		2,099,158	1,789,562
Inventories		2,985,010	1,792,222
Other assets		505,606	61,037
Total Current Assets		8,115,315	4,375,484
Non-Current Assets			
Plant and equipment		526,432	231,664
Intangible Assets		199,486	199,486
Total Non-Current Assets		725,918	431,150
Total Assets		8,841,233	4,806,634
Current Liabilities			
Trade and other payables		1,730,396	1,520,352
Borrowings		1,429,170	1,261,984
Provision for restructuring		-	575,105
Provisions – Employee benefits		639,898	721,556
Total Current Liabilities		3,799,464	4,078,997
Non-Current Liabilities			
Borrowings		2,584,408	-
Provisions – Employee benefits		81,813	110,805
Total Non-Current Liabilities		2,666,221	110,805
Total Liabilities		6,465,685	4,189,802
Net Assets		2,375,548	616,832
Equity			
Contributed equity	4	10,426,352	8,521,019
Accumulated losses	5	(8,050,804)	(7,904,187)
Parent entity interest		2,375,548	616,832
Total Equity		2,375,548	616,832

The above statement should be read in conjunction with accompanying notes

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

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		16,785,821	14,214,501
Payments to suppliers and employees		(18,937,162)	(15,414,776)
Interest received		3,240	3,221
Finance costs		(143,867)	(120,074)
Net cash used in operating activities	6(d)	(2,291,968)	(1,317,128)
Cash flows from investing activities			
Payment for property, plant and equipment		(372,386)	(107,373)
Proceeds from sale of Stokes Badges		-	188,609
Payment for Aussie Whitegoods Rescue		-	(20,000)
Payment for Grimwood Appliance parts		-	(302,594)
Net cash used in investing activities		(372,386)	(241,358)
Cash flows from financing activities			
Proceeds from issue of share capital		1,905,333	2,199,885
Proceeds from issue of convertible notes		2,351,042	-
Proceeds from / (Repayment) of borrowings		200,857	947
Payment of loan amounts to Aussie Whitegoods Rescue		-	(26,005)
Net cash provided by financing activities		4,457,232	2,174,827
Net increase in cash held		1,792,878	616,341
Cash and cash equivalents at the beginning of the financial year		732,663	116,322
Cash and cash equivalents at the end of the financial year	6(a)	2,525,541	732,663

The above statement should be read in conjunction with accompanying notes

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

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

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

The above statement should be read in conjunction with accompanying notes

Notes to the financial statements for Financial Year ended 30 June 2014

Note 1: Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2013 annual financial report.

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

The Group's forward budget and cash flow projections are based on the effects of the restructuring program and new revenues from acquisitions (of business assets) completed including ANZ appliance parts and Janda Electric Co and revenues from the new technology division. The ability of the Group to generate cash flow from operating activities, maintain debt levels and continue as a going concern is dependent on realisation of these projections and the management of other cash flows within the Group's funding facilities.

The Group continues to have the support of its financier. The directors have reviewed and approved the Group's forward budget and cash flow projections

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.

Note 2: Income and expenses

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

Notes to the financial statements for Financial Year ended 30 June 2014

Note 3: Commentary on result

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

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

Note 4: Contributed equity

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

Note 5: Accumulated losses

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

Note 6: Cash flows information

(a) Reconciliation of cash and cash equivalents

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

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

i) Financing Facilities:

Maximum available subject to (c) (ii) below

Bank and other loans	2,900,000	2,900,000
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i) Facilities in use at the end of the financial year (i)

Bank and other loans	1,421,776	1,261,984
Lease finance	41,065	-
	1,462,841	1,261,984

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

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

Facilities are all secured and subject to periodic review

Notes to the financial statements for Financial Year ended 30 June 2014

Note 6: Statement of cash flows (cont'd)

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

	2014	2013
	\$	\$
Net Loss after income tax	(146,617)	(3,224,970)
Profit on disposal of Stokes Badges	-	(134,604)
Depreciation of plant and equipment	77,618	56,866
Amortisation of deferred borrowing costs	1,458	-
Inventory Provisions	-	784,385
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(309,596)	97,698
Current inventories	(1,192,788)	750,950
Other current assets	(246,332)	(7,600)
Increase/(decrease) in liabilities:		
Current trade payables	210,044	539,711
Provisions	(685,755)	(179,564)
Net cash used in operating activities	(2,291,968)	(1,317,128)

Note 7: Controlled entities

Name of Company	Country of Incorporation	Percentage Owned	
		2014	2013
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

Notes to the financial statements for Financial Year ended 30 June 2014

Note 7: Loss per share

	2014	2013
	Cents	Cents
Basic loss per share (cents per share)	(0.54)	(20.09)
Diluted loss per share (cents per share)	(0.54)	(20.09)
	2014	2013
	\$	\$
Net loss used in the calculation of basic loss per share	(146,617)	(3,224,970)
	2014	2013
	Number	Number
The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	27,132,037	16,049,646

Diluted loss per share is the same as basic loss per share because the company has no potentially dilutive ordinary shares outstanding.

Note 8: Total dividend

	2014	2013
	Cents	Cents
Ordinary shares (cents per share)	-	-

Note 9: Interim and final dividend

Interim dividend - Ordinary shares (cents per share)	-	-
Final dividend - Ordinary shares (cents per share)	-	-

Note 10: Net tangible assets per share

Net tangible assets per share	7.29	0.0015
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Note 11: Contingent Liabilities

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

Note 12: Annual Report

The audit has not yet been completed. The Annual financial report is not likely to contain an independent audit report that is subject to a modified opinion emphasis of matter or other matter paragraph

Notes to the financial statements for Financial Year ended 30 June 2014

Note 13: Operating segment

(a) Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings. Operating segments are therefore determined on the same basis.

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

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

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

Notes to the financial statements for Financial Year ended 30 June 2014

Note 13: Operating segment (cont'd)

Types of products and services

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

(b) Segments performance

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

Notes to the financial statements for Financial Year ended 30 June 2014

Note 13: Operating segment (cont'd)

(b) Segments performance

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

(c) GEOGRAPHICAL SEGMENTS

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

All segments assets are located in Australia

(d) MAJOR CUSTOMERS

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