

Appendix 4D - Half Year Report for six months ended 31 December 2015

Results for announcement to the market

Name of entity	STOKES LIMITED
ABN	24 004 554 929

1 Reporting Period

Half Year Ended	31 December 2015
Previous corresponding periods – half year ended	31 December 2014
– year ended	30 June 2015

2 Results for announcement to the market

Revenue from ordinary activities	up	261%	to	5,635,541
Loss from ordinary activities after tax attributable to members	up	199%	to	(1,393,748)
Net Profit for the period attributable to members	up	174%	to	370,440
				Franked amount per Security
				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
No interim dividend has been declared for the half-year ending 31 December 2015.				
Commentary on Result				
First half trading was solid with group revenues of \$5,635,541 up by 261% compared to \$1,560,430 in the previous corresponding period for continuing operations, a reported net profit of \$370,440 for the half year ended 31 December 2015 (which includes profit on sale of business and discontinued operations) compared to a loss of \$498,673 in the previous corresponding period.				
The Company continues to expand its operation in NSW and WA and now employs 41 staff up from 15 a year ago. We also continued investing and developing new products which we believe positions the company well to expand in future years.				
The company will continue to invest in people and products at the expense of short term profitability in order to establish a high growth, sustainable and profitable business.				
Refer to interim Financial Report for the Half-Year ended 31 December 2015 for more information.				
This half yearly financial report is to be read in conjunction with the 30 June 2015 annual financial report.				

3 Net tangible assets per security

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security (cents per share)	(3.26)	(4.11)

4. Details of entities over which control has been gained or lost during the period: (item 4)**Control gained over entities**

Name of entities (item 4.1)

- Not Applicable -

Date(s) of gain of control
(item 4.2)Contribution to consolidated profit (loss) from ordinary
activities after tax by the controlled entities since the
date(s) in the current period on which control was
acquired (item 4.3)

\$

Profit (loss) from ordinary activities after tax of the
controlled entities for the whole of the previous
corresponding period (item 4.3)

\$

Loss of control of entities

Name of entities (item 4.1)

- Not Applicable -

Date(s) of loss of control (item 4.2)

Contribution to consolidated profit (loss) from ordinary
activities after tax by the controlled entities to the
date(s) in the current period when control was lost
(item 4.3).

\$

Profit (loss) from ordinary activities after tax of the
controlled entities for the whole of the previous
corresponding period (item 4.3)

\$

5. Dividends (item 5)

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2015		Nil
Final dividend year ended 30 June 2015		Nil

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	Nil	Nil	Nil
Previous year	Nil	Nil	Nil

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	Nil	Nil

6. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

- Not Applicable -

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

7. Details of associates and joint venture entities (item 7)

Name of associate or joint venture entity	%Securities held
- Not Applicable -	

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2015 \$	2014 \$
Profit (loss) from ordinary activities before tax		
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax		
Adjustments		
Share of net profit (loss) of associates and joint venture entities		

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).**9. Independent review of the financial report (item 9)**

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.



STOKES LIMITED
and Controlled Entities

ABN 24 004 554 929

Financial Report
for the half-year ended 31 December 2015

The half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2015

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Directors' Report

The directors present their report together with the condensed financial report of the consolidated entity consisting of Stokes Limited and the entities it controlled, for the half-year ended 31 December 2015 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 Interim Financial Reporting.

Directors

The names of the company's directors in office during the half-year and until the date of this report are set out below. Each of the directors was in office for this entire period, unless otherwise stated.

Con Scrinis, Managing Director

Greg Jinks, Executive Director

Peter Jinks, Non Executive Chairman

REVIEW AND RESULTS OF OPERATIONS

The Directors of Stokes Limited take great pleasure in reporting to you the substantial work and progress that has been achieved during the half year ended 31 December 2015.

First half trading has improved significantly with group revenues of \$5,635,541 up 261% on the \$1,560,430 in the previous corresponding period from the continuing business operations of the Company, a reported net profit for the half year ended 31 December 2015 of \$370,440 (including the profit on sale of business and discontinued operations) compared to a loss of \$498,673 in the previous corresponding period.

The Company continued to expand its technologies operations with the acquisition of an audio visual and IT distribution business and now employs 41 staff up from 15 a year ago. We also continued investing in and developing new products ensuring the company is well placed for expansion in future years.

The first half trading has produced a record for order intake of \$8 million compared to \$1.7 million a 370% increase, and work in hand value of \$3.1 million from \$0.5 million a 620% increase compared to the previous corresponding period. This has been achieved due to the investment in people over the past 12 months and will lead to higher sales over the next 12 months.

The Company has also developed and launched a new range of audio visual products that will be distributed via the newly acquired distribution business. These products include Black-Tek Racks, V-Wall LED display screens, Pivotal mounting accessories N-Vision audio visual products and Audos speaker systems. The company has also been appointed the exclusive Australian distributor of the AEC lighting product range.

In addition we have successfully launched and installed the first "Ascendancy" control system a product that has been under development for the past 18 months.

The Company sold its appliance parts division and completed the transition into Technology products (lighting and audio visual products and solutions), which are now the future driving force of the Company.

On 31 August 2015, the Group completed the acquisition of audio visual and telecommunications product business. The business will give Stokes access to a broader products range and additional customer base that will then be expanded utilizing the additional resources of the company

We are also pleased to report trading for the first 2 months of the second half has produced new orders of \$4.7M.

The company continues to invest in quality people and products at the expense of short-term profitability in order to realise its goals of establishing a high growth, sustainable and profitable business.

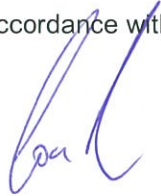
The results so far are extremely pleasing with a strong project pipeline as we look forward to further progress and success in the coming year.

Directors' Report (Cont'd)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report on page 4.

Signed in accordance with a resolution of the directors.



Con Scrinis
Director

Melbourne
Date: 29 February 2016

STOKES LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF STOKES LIMITED

In relation to the independent auditor's review for the half-year ended 31 December 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 period.



D A KNOWLES
Partner

29 February 2016



PITCHER PARTNERS
Melbourne

Condensed Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2015

		Half- year	
	Notes	31 December 2015 \$	31 December 2014 \$
Revenue and Other Income			
Revenue	2	5,635,541	1,560,430
Other income	2	37,128	10,785
		5,672,669	1,571,215
Expenses			
Cost of Sales		(4,506,266)	(1,151,479)
Transport and logistic expense		(115,282)	(13,394)
Employee expense		(1,487,550)	(392,092)
Occupancy expense		(158,357)	(23,885)
Depreciation and amortisation		(58,126)	(9,755)
Borrowing costs		(178,640)	(194,609)
Other expense		(562,196)	(252,051)
Total expenses		(7,066,417)	(2,037,265)
Loss before income tax expense from continuing operations		(1,393,748)	(466,050)
Income tax expense		-	-
Loss from continuing operations		(1,393,748)	(466,050)
Profit/(loss) after tax from discontinued operation	3	1,764,188	(32,623)
Other comprehensive income for half-year		-	-
Total comprehensive income for half-year		370,440	(498,673)
Earnings per share (cents per share) for profit attributable to the equity holders of the entity:			
Basic earnings per share – Continuing Operations		(4.78)	(1.60)
Basic earnings per share – Discontinued Operation		6.05	(0.11)
Basic earnings per share		1.27	(1.71)
Diluted earnings per share – Continuing Operations		(4.78)	(1.60)
Diluted earnings per share – Discontinued Operation		4.84	(0.11)
Diluted earnings per share		1.02	(1.71)

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Financial Position as at 31 December 2015

	Notes	31 December 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents		407,343	298,523
Trade and other receivables		2,934,594	2,535,501
Inventories		989,233	393,671
Other current assets		294,889	341,935
Sub total		4,626,059	3,569,630
Assets held for sale		-	2,065,204
Total current assets		4,626,059	5,634,834
Non-current assets			
Plant and equipment		487,546	327,369
Goodwill		121,778	-
Total Non-current assets		609,324	327,369
Total assets		5,235,383	5,962,203
Current liabilities			
Trade and other payables		2,422,366	2,910,315
Borrowings		591,234	882,942
Provisions		225,504	319,611
Sub total		3,239,104	4,112,868
Liabilities held for sale		-	246,220
Total current liabilities		3,239,104	4,359,088
Non-current liabilities			
Borrowings		2,813,093	2,721,762
Provisions		10,892	79,499
Total non-current liabilities		2,823,985	2,801,261
Total Liabilities		6,063,089	7,160,349
Deficiency of Net assets		(827,706)	(1,198,146)
Equity			
Contributed capital		10,426,352	10,426,352
Accumulated losses		(11,254,058)	(11,624,498)
Total equity		(827,706)	(1,198,146)

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Changes in Equity**Half-year ended 31 December 2014**

Consolidated	Contributed equity \$	Accumulated losses \$	Total equity \$
At 1 July 2014	10,426,352	(8,050,804)	2,375,548
Loss for the half year	-	(498,673)	(498,673)
At 31 December 2014	10,426,352	(8,549,477)	1,876,875

Half-year ended 31 December 2015

Consolidated	Contributed equity \$	Accumulated losses \$	Total equity \$
At 1 July 2015	10,426,352	(11,624,498)	(1,198,146)
Profit for the half year	-	370,440	370,440
At 31 December 2015	10,426,352	(11,254,058)	(827,706)

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2015

	Half-year	
Notes	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Receipts from customers	6,931,245	8,948,976
Payments to suppliers and employees	(9,063,923)	(9,360,945)
Interest received	7,442	1,979
Interest paid	(178,640)	(194,609)
Net cash flows used in operating activities	(2,303,876)	(604,599)
Cash flows from investing activities		
Payment for plant and equipment	(205,172)	(169,909)
Payment for business	(349,302)	-
Proceeds from sale of business	4,086,030	-
Net cash flows from / (used in) investing activities	2,780,551	(169,909)
Cash flows from financing activities		
Repayment of borrowings	(867,855)	(1,067,375)
Proceeds from borrowings	500,000	-
Net cash used in financing activities	(367,855)	(1,067,375)
Net increase / (decrease) in cash and cash equivalents	108,820	(1,841,883)
Cash and cash equivalents at beginning of half year	298,523	2,525,541
Cash and cash equivalents at end of the half year	407,343	683,658

The accompanying notes forms part of these Financial Statements

Notes to Condensed Consolidated Half-Year Financial Statements

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The condensed consolidated half year financial report does not include all notes of the type normally included within the annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Stokes Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

Stokes Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the director's report.

(a) Basis of accounting

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001.

The half-year financial report has been prepared in accordance with the historical cost convention.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2015 and the corresponding half-year.

(b) Accounting standards issued but not yet operative

AASB15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB15 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 directors have not yet assessed the impact (if any) of changes in the standard above.

(c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The group reported a profit of \$370,440 for the half-year ended 31 December 2015 (2014: loss of \$498,673). These results were inclusive of profit of \$1,764,188 from sale of business and discontinued operation. For the half-year ended 31 December 2015, the group reported cash outflow from operations of \$2,303,876 (2014: outflow \$604,599).

As at 31 December 2015 the group's net asset deficiency was \$827,706 (30 June 2015: net asset deficiency of \$1,198,146) however the working capital position as at 31 December 2015 resulted in an excess of Current Assets over Current Liabilities of \$1,386,955 (30 June 2015: \$1,275,746).

The Directors, having regard to the above, have prepared budgets and plans which show positive cash flow projections and indicate that the group will have sufficient resources to enable the group to continue as a going concern.

(d) Comparatives

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

Notes to Condensed Consolidated Half-Year Financial Statements

2. REVENUE AND OTHER INCOME

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Revenue		
Revenue from services or sale of goods	5,635,541	1,560,430
Other income		
Interest income	7,442	1,959
Other	29,686	8,826
	37,128	10,785

3. DISCONTINUED OPERATION

On 31 July 2015, the Company sold its business of distribution of Appliance Parts and Services, and on 30 September 2015, the Company shut down a division manufacturing industrial heating elements. This will enable management to concentrate on the rapidly expanding technologies business of lighting and audio visuals products and solutions.

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

(i) Financial performance information

Revenue

Sales revenue	1,034,786	6,176,227
Other income	212	29,107
Total Revenue	1,034,998	6,205,334

Expenses

Total expenses	(1,186,773)	(6,170,801)
Depreciation and amortisation	-	(67,156)
Total Expenses	(1,186,773)	(6,237,957)

Loss before income tax discontinued operation	(151,775)	(32,623)
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Income tax expense	-	-
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Loss after income tax discontinued operation	(151,775)	(32,623)
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Gain on disposal of discontinued operations before income tax	1,915,963	-
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Income tax expense	-	-
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Gain on sale of the division after income tax	1,915,963	-
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Profit/(loss) after income tax discontinued operations	1,764,188	(32,623)
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Notes to Condensed Consolidated Half-Year Financial Statements

3. DISCONTINUED OPERATION (CONT'D)

(ii) Cash flow information

Net cash used in operating activities	(151,775)	34,533
Net cash used in investing activities	3,232,525	(87,051)
Net cash flow	3,080,750	(52,518)

(ii) Details of discontinued operation disposed

Consideration received or receivable	4,601,030	-
Less: Net assets disposed of	(1,934,062)	-
Less: transaction costs to complete sale of business	(751,005)	-
Gain on disposal of discontinued operation before tax	1,915,963	-
Income tax expense	-	-
Gain on disposal of discontinued operation after tax	1,915,963	-

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

There were no dividends proposed or recognised during the half-year ended 31 December 2015.

5. CONTRIBUTED CAPITAL

	31 December 2015	30 June 2015
	\$	\$
29,151,281 ordinary shares (June 2015: 29,151,281)	10,426,352	10,426,352

6. ACQUISITION OF BUSINESS

On 31 August 2015, the Group completed the acquisition of Duelttek, an audio visual and telecommunications product business. Details of assets and liabilities acquired and consideration paid is as follows:

Plant and equipment	36,708
Inventory	218,713
Prepayments	18,508
Employee entitlements	(16,405)
Goodwill	121,778
Total consideration paid	379,302

Details of the purchase consideration:

Deposit paid - June 2015	30,000
Cash consideration paid - August 2015	349,302
Total consideration paid	379,302

Contribution since acquisition

Since the acquisition date DuelTek Pty Ltd has contributed revenue of \$539,273 and a loss after tax of \$39,491 which is included within the consolidated profit.

Transaction costs

No transaction costs were incurred in relation to the acquisition.

Notes to Condensed Consolidated Half-Year Financial Statements**7. SUBSEQUENT EVENTS**

There were no matters or circumstances specific to Stokes Limited that have arisen since 31 December 2015 that have significantly affected or may significantly affect

- the Group's operation in future financial years or
- the results of those operation in future financial years or
- the Group's state of affairs in future financial years.

8. OPERATING SEGMENTS

On 31 July 2015, the Company sold its Appliance Parts division and on 21 July 2015 sold its Services division. The Company also shut down its division manufacturing industrial heating elements. With these changes the Company now predominantly has one single business operation remaining, being Technology Products. As a result, there is no information on operating segments provided in this report.

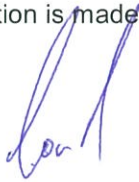
Directors' Declaration

The directors declare that the financial statements and notes set out on pages 5 to 12 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2015 and of its performance for the half-year ended on that date

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

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



Con Scrinis
Director

Date: 29 February 2016

STOKES LIMITED
ABN 24 004 554 929
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
STOKES LIMITED

We have reviewed the accompanying half-year financial report of Stokes Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, 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 period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stokes Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

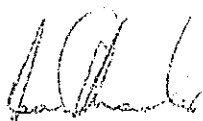
ABN 24 004 554 929
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
STOKES LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stokes Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



D A KNOWLES
Partner
29 February 2016



PITCHER PARTNERS
Melbourne