

24 February 2015

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

Stokes Limited
- Financial report for the half-year ended 31 December 2014

I attach the following documents in relation to the half year ended 31 December 2014:

Appendix 4D – Half Year Report; and
Half Year Financial Report, including the Directors' Report, Financial Report and
Independent Auditor's Review Report.

The attached documents comprise the half year results information required by ASX Listing
Rule 4.2A.

The information should be read in conjunction with the Stokes Limited 2014 Annual Report.

The attached information will be posted to Stoke's website once released to the market.

Yours sincerely

Hemant Amin
Company Secretary



Appendix 4D - Half Year Report for six months ended 31 December 2014**Results for announcement to the market**

Name of entity STOKES LIMITED

ABN 24 004 554 929

1 Reporting Period

Half Year Ended 31 December 2014

Previous corresponding period – half year ended 31 December 2013

2 Results for announcement to the market

Revenue from ordinary activities	up	4%	to	7,736,657
Profit/(loss) from ordinary activities after tax attributable to members	down	3,886%	to	(498,673)
Net Profit/(loss) for the period attributable to members	down	3,886%	to	(498,673)

3 Net tangible assets per security

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	\$0.06	\$0.07

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 2014		Nil
Final dividend year ended 30 June 2014		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':	2014 \$	2013 \$
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 2014

The half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2014



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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 2014 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 2014.

First half trading was solid with group revenues of \$7,736,657 marginally up on the \$7,428,178 in the previous corresponding period, a reported net loss for the half year ended 31 December 2014 of \$498,673 compared to a profit of \$13,170 in the previous corresponding period.

The Technologies division made up of audio visual and lighting products continues to expand with sales offices established in NSW and WA and staff numbers in this division now at 15, up from 2 a year ago. We also continued investing in and developing new products with the launch of the Ascendancy and Workspace ranges which we believe positions the company well to expand in future years.

Stokes has also been appointed the exclusive Australian distributor of the Forma Lighting product range. Forma has a large range of commercial LED lighting fixtures well suited to the Stokes model in the Australian market. The Technologies division which will be the future driving force of the company posted revenues of \$1.56M (nil in the pcp) and a first half loss of \$232,074 after expensing over \$300,000 of growth related expenditure.

The appliance parts division is now reaping the benefits of the recently completed restructure with profitability in this division doubling to \$981,763 and online sales reaching 24% a great achievement from where we started two years ago. The industrial manufacturing division has been downsized further during the first half with staff numbers reduced by 9 at a one off cost of \$207,381.

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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the consolidated group and company's state of affairs during the half year ended 31 December 2014.

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: 24 February 2015

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 2014, to the best of my knowledge and belief there have been:

- i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- ii) No contraventions of any applicable code of professional conduct.

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



D A KNOWLES
Partner

24 February 2015



PITCHER PARTNERS
Melbourne

Condensed Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2014

		Half- year	
	Notes	31 December 2014 \$	31 December 2013 \$
Revenue and Other Income			
Revenue	2	7,736,657	7,428,178
Other income	2	39,892	73,773
		7,776,549	7,501,951
Expenses			
Raw materials and consumables used		(4,909,762)	(5,138,406)
Changes in inventories of finished goods and work in progress		314,203	593,424
Transport and logistic expense		(339,655)	(317,151)
Employee expense		(2,057,462)	(1,936,907)
Occupancy expense		(279,663)	(315,854)
Depreciation and amortisation		(76,911)	(29,450)
Borrowing costs		(194,609)	(66,995)
Other expense		(731,363)	(277,442)
Total expenses		(8,275,222)	(7,488,781)
Profit/(loss) before income tax expense		(498,673)	13,170
Income tax expense		-	-
Profit/(loss) from continuing operations		(498,673)	13,170
Other comprehensive income for half-year		-	-
Total comprehensive income for half-year		(498,673)	13,170
Earnings per share for profit attributable to the equity holders of the entity:			
Basic earnings per share (cents per share)		(1.71)	0.05
Diluted earnings per share (cents per share)		(1.71)	0.05

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Financial Position as at 31 December 2014

	Notes	31 December 2014 \$	30 June 2014 \$
Current assets			
Cash and cash equivalents		683,658	2,525,541
Trade and other receivables		1,698,418	2,099,158
Inventories		3,299,213	2,985,010
Other current assets		389,003	505,606
Total current assets		6,070,292	8,115,315
Non-current assets			
Plant and equipment		619,430	526,432
Goodwill		199,486	199,486
Total Non-current assets		818,916	725,918
Total assets		6,889,208	8,841,233
Current liabilities			
Trade and other payables		1,478,338	1,730,396
Borrowings		310,528	1,429,170
Provisions		503,479	639,898
Total current liabilities		2,292,345	3,799,464
Non-current liabilities			
Borrowings		2,635,675	2,584,408
Provisions		84,313	81,813
Total non-current liabilities		2,719,988	2,666,221
Total Liabilities		5,012,333	6,465,685
Net assets		1,876,875	2,375,548
Equity			
Contributed capital		10,426,352	10,426,352
Accumulated losses		(8,549,477)	(8,050,804)
Total equity		1,876,875	2,375,548

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Changes in Equity**Half-year ended 31 December 2013**

Consolidated	Contributed equity \$	Accumulated losses \$	Total equity \$
At 1 July 2013	8,521,019	(7,904,187)	616,832
Profit attributable to members of the entity	-	13,170	13,170
Share issue during the period	2,012,500		2,012,500
Capital raising costs for the share issue	(107,167)	-	(107,167)
At 31 December 2013	10,426,352	(7,891,017)	2,535,335

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 attributable to members of the entity	-	(498,673)	(498,673)
At 31 December 2014	10,426,352	(8,549,477)	1,876,875

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2014

	Notes	Half-year	
		31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities			
Receipts from customers		8,948,976	8,060,993
Payments to suppliers and employees		(9,360,945)	(9,321,629)
Interest received		1,979	1,311
Interest paid		(194,609)	(66,995)
Net cash flows used in operating activities		(604,599)	(1,326,320)
Cash flows from investing activities			
Payment for plant and equipment		(169,909)	(176,452)
Net cash flows used in investing activities		(169,909)	(176,452)
Cash flows from financing activities			
Proceeds from share issue net of capital raising costs		-	1,905,333
Repayment of borrowings		(1,067,375)	(491,484)
Net cash (used in) / provided by financing activities		(1,067,375)	1,413,849
Net decrease in cash and cash equivalents		(1,841,883)	(88,923)
Cash and cash equivalents at beginning of half year		2,525,541	732,663
Cash and cash equivalents at end of the half year		683,658	643,740

The accompanying notes forms part of these Financial Statements

Notes to the Half-Year Financial Statements

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

The 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 2014 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 half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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 2014 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 incurred a loss from ordinary activities of \$498,673 during the half-year ended 31 December 2014 (2013: profit \$13,170) and cash outflow from operations of \$604,599 (2013: outflow \$1,326,320). These results were inclusive of \$300,000 in redundancy and growth related expenditure.

As at 31 December 2014 the group's net assets were \$1,876,875 (30 June 2014: \$2,375,548) and furthermore the working capital position as at 31 December 2014 resulted in an excess of Current Assets over Current Liabilities of \$3,777,947 (30 June 2014: \$4,315,851). 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 the Half-Year Financial Statements

2. REVENUE AND OTHER INCOME

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Revenue		
Revenue from services or sale of goods	7,736,657	7,428,178
Other income		
Interest income	1,979	1,311
Other	37,913	72,462
	39,892	73,773

3. SIGNIFICANT OR UNUSAL ITEMS

Downsizing of manufacturing operation

- Redundancy expense	207,381	-
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4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

There were no dividends proposed or recognised during the half-year ended 31 December 2014.

5. CONTRIBUTED CAPITAL

	31 December 2014	30 June 2014
	\$	\$
29,151,281 ordinary shares (June 2014: 29,151,281)	10,426,352	10,426,352

Notes to the Half-Year Financial Statements

7. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent assets and liabilities.

8. SUBSEQUENT EVENTS

There were no matters or circumstances specific to Stokes Limited that have arisen since 31 December 2014 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.

9. OPERATING SEGMENTS

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.

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 lighting, and audio visual products primarily for the commercial and industrial market.

(b) SEGMENTS PERFORMANCE

	Manufacturing	Appliance Parts	Services	Technologies	All other segments	Total
	\$	\$	\$	\$	\$	\$
Half Year ending 31 December 2014						
Revenue						
External sales	1,350,467	4,255,655	570,106	1,560,429	-	7,736,657
Other revenue	13,030	16,057	19	2,426	8,360	39,892
Total segment revenue	1,363,497	4,271,712	570,125	1,562,855	8,360	7,776,549
Depreciation					76,911	76,911
Borrowing costs					194,609	194,609
Income tax expense					-	-
Segment net profit	(207,477)	981,763	(25,249)	(232,074)	(1,015,636)	(498,673)
Half Year ending 31 December 2013						
Revenue						
External sales	1,462,688	5,175,353	789,544	-	593	7,428,178
Interest Revenue	5,812	8,125	-	-	59,836	73,773
Total segment revenue	1,468,500	5,183,478	789,544	-	60,429	7,501,951
Depreciation					29,450	29,450
Borrowing costs					66,995	66,995
Income tax expense					-	-
Segment net profit	470,068	464,714	27,978	-	(949,590)	13,170

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 2014 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: 24 February 2015

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 2014, 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 2014 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*.

STOKES LIMITED
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 2014 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

24 February 2015



PITCHER PARTNERS
Melbourne