

Stokes Company Update

*Company rebuilding ahead of schedule & expected to be complete by December 2013.
FY13 revenue forecast of \$13M and \$2.8-3.2M loss including one-off restructuring costs of \$2M*

20 June 2013, Melbourne: The directors of Stokes (Australasia) Limited (ASX:SKS) provide this update to shareholders on the rebuilding program and the estimated trading result for the full year reporting period.

As advised in November 2012 the company, under its newly installed board and management team, embarked on a company-wide rebuilding program to return the company to sustainable profitability. This program included a restructuring provision of \$1.6M to cover redundancies and inventory write-downs.

In February 2013 the company announced 28 redundancies that were completed in March resulting in annual savings of \$1.4M. The company has identified further cost saving initiatives that will be implemented over the coming months to deliver a further \$1M annual savings. To implement these initiatives the company has made an additional restructuring provision of \$400K.

The Stokes rebuilding program will be concluded by December 2013 at which time its fixed cost base will be reduced by an estimated 30%.

The directors advise that the rebuilding program is ahead of internal targets. Main achievements so far include appointing an experienced and proven senior management team, the acquisitions of Grimwood appliance parts and Aussie Whitegoods Rescue and the sale of the badges business.

The company has also added new LED lighting products to its range, which will bring new and diversified revenue streams, has launched an e-commerce website and is in the final stages of upgrading its Enterprise Resource Planning (ERP) systems.

These changes have substantially reduced the company's cost base, increased its market strength and size in its core business and Stokes is now led by an aggressive board and management team. Stokes is now in a strong position to grow the business and take advantage of new opportunities.

Sales for the full year to June 2013 are estimated to be \$13M (\$14.25M 2012) and the loss for the year is estimated in the range of \$2.8M-\$3.2M, which includes restructuring expenses of \$2M (loss \$1.4M 2012).

Further Information:

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