

Chairman's Address

Annual General Meeting 28 November 2013

Welcome to the annual general meeting of Stokes (Australasia) Limited. My name is Peter Jinks, your chairman, and with me today are fellow directors Con Scrinis and Greg Jinks and company secretary Hemant Amin.

Last year I stood before you having been appointed to the board just 6 weeks earlier, and at that time advising you of a major restructuring program the company needed to undertake in order to return to profitability.

I now take great pleasure in reporting to you the substantial work and progress that has been made to restructure and rebuild this great company.

Over the past 12 months there has been new life, enthusiasm and direction injected into the company. We have undertaken a complete company review that has resulted in the implementation of a comprehensive re-structuring program supported by 2 capital raisings totalling \$4.3M.

A number of major milestones have been achieved along the way and the company can now advise that it has completed the restructuring program.

In addition to the restructuring, the company has concluded the acquisitions and integration of 4 businesses in the appliance parts and service divisions.

Grimwood Appliance Parts was a leading provider of electric elements and a major competitor to Stokes and this acquisition has resulted in the much needed consolidation of the electric elements manufacturing industry.

Aussie Whitegoods Rescue will preserve the company's position as the exclusive Kleenmaid appliance parts provider in Australia via our fully owned subsidiary Edis and allows Stokes to enter the service market adding additional revenue streams

Janda Electric and ANZ Appliance Parts further enhances the company's ability to be the market leader in Appliances Parts and Service within the Melbourne metropolitan area leveraging off the existing Stokes systems, support and infrastructure.

The board is very pleased with the integration of the acquisitions, all 4 have proved to assist in further cementing the fragmented appliance parts business in Australia.



The company in the early stage of this calendar year successfully sold its non-core badges & medallions business. This sale created the ability to reduce overhead expenses in non-core areas whilst further providing additional capital to embark on the consolidation and growth in strategically focused areas.

The company has also had to make the hard but necessary decision to reduce costs by implementing a large scale costs reduction and redundancy program that has resulted in annualised savings of \$2.4m.

The company is now well positioned for growth in 2014 with strong capabilities in appliance parts distribution. In addition we expect to generate new revenue streams through the organic growth of service and the introduction of new and innovative technical products. It is the company's goal in the future to remain on the cutting edge of technology and this will be achieved through the recently created technologies division.

The Technologies division started with the introduction of LED lighting products and we are extremely pleased to announce today the launch of our exciting new Audio Visual products range. The company feels there is significant opportunity in the distribution of audio visual products, Con will give you more information and detail following my address.

In September we upgraded the company's enterprise resource planning system which now provides the business with the ability to analyse and make informed decisions about the future, as well as provide appropriate management and statutory reporting to further fulfil requirements related to appropriate corporate governance.

We have also launched a new e-commerce website as well as installing an experienced and motivated senior management team, and subject to shareholders approval at today's meeting will abbreviate the company's name from Stokes (Australasia) Limited to Stokes Limited.

I am also pleased to report that whilst a great deal of work and effort has concentrated on the restructuring it has been done so whilst not only preserving but growing sales by 17% for the first 5 months of the year. This is a significant feat as the company has experienced declining sales in 13 of the past 14 years.

Although the company has gone through a very tough and challenging period, the new directors, through their combined experience in the electrical industry, are confident of the success of the turnaround and growth strategy exploiting the company's strong brand name, excellent product range, long history and comprehensive distribution channels.

I would like to take this opportunity to thank our staff, customers, suppliers and shareholders as we look forward to an exciting and challenging year ahead.

I would now like to hand over to the managing director Con Scrinis who will give you a more comprehensive review of the business.

