

**Stokes (Australasia) Limited**

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**Results For Announcement To The Market  
For the Financial Year Ended 30 June 2011**

**Preliminary Final Report of *Stokes  
(Australasia) Limited* (ABN 24 004 554 929)  
for the Financial Year Ended 30 June 2011**

*This Preliminary Final Report is provided to the Australian  
Stock Exchange (ASX) under ASX Listing Rule 4.3A.*

Current Reporting Period:

Financial Year ended 30 June 2011

Previous Corresponding Period:

Financial Year ended 30 June 2010

## Stokes (Australasia) Limited

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### Results For Announcement To The Market For the Financial Year Ended 30 June 2011

#### Revenue and Net Profit

		Percentage Change %	Amount \$
Revenue from ordinary activities	down	(6)	15,194,985
Profit from ordinary activities after tax Attributable to members	down	171.1	(525,260)
Profit attributable to members	down	171.1	(525,260)

#### Dividends (Distributions)

	Amount per security	Franked Amount per security
Final dividend (cents)	0	0
Interim dividend(cents)	0	0
Record date for determining entitlements to the dividend:		N/A

- final dividend
- interim dividend

#### Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

The group made a loss of \$525,260 for the year compared to a profit of \$738,563 last year. Sales for the year were \$15.2 million compared with last years sales of \$16.2 million.

## Stokes (Australasia) Limited

### Income Statement For the Financial Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Sales revenue (sale of goods)		15,194,985	16,225,484
Cost of sales	2	(9,786,801)	(9,981,441)
<b>Gross Profit</b>		5,408,184	6,244,043
Other revenue from ordinary activities		62,243	41,931
Distribution expenses		(1,136,451)	(1,205,853)
Selling expenses		(2,014,850)	(1,764,280)
Occupancy expenses		(631,471)	(575,702)
Administration expenses		(2,145,670)	(1,826,917)
Borrowing costs		(67,245)	(143,222)
Other expenses from ordinary activities		-	-
<b>Profit / (Loss) Before Income Tax Expense</b>	2	(525,260)	770,000
Income tax expense relating to ordinary activities		-	(31,437)
<b>Profit / (Loss) After Income Tax Expense</b>		(525,260)	738,563
Net profit attributable to outside equity interests		-	-
<b>Net Profit / (Loss) Attributable to Members of the Parent Entity</b>		(525,260)	738,563

Source Reference: ASX Appdx 4E.3

Basic earnings cents per share	(7.3)	10.20
Diluted earnings cents per share	(7.3)	10.20

## Stokes (Australasia) Limited

### Balance Sheet For the Financial Year Ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	6(a)	199,255	461,322
Trade and other receivables		2,062,221	2,087,613
Inventories		3,788,378	3,207,283
Other		35,118	52,666
<b>Total Current Assets</b>		<b>6,084,972</b>	<b>5,808,884</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		226,788	299,615
Intangibles		25,001	25,001
<b>Total Non-Current Assets</b>		<b>251,789</b>	<b>324,616</b>
<b>Total Assets</b>		<b>6,336,761</b>	<b>6,133,500</b>
<b>Current Liabilities</b>			
Trade and other payables		1,500,965	1,370,790
Interest-bearing loans and borrowings		916,534	400,064
Income tax payable		-	31,437
Provisions		919,139	827,039
<b>Total Current Liabilities</b>		<b>3,336,638</b>	<b>2,629,330</b>
<b>Non-Current Liabilities</b>			
Provisions		72,677	51,464
<b>Total Non-Current Liabilities</b>		<b>72,677</b>	<b>51,464</b>
<b>Total Liabilities</b>		<b>3,409,315</b>	<b>2,680,794</b>
<b>Net Assets</b>		<b>2,927,446</b>	<b>3,452,706</b>
<b>Equity</b>			
Contributed equity		6,208,884	6,208,884
Accumulated losses	5	(3,281,438)	(2,756,178)
Parent Entity Interest		2,927,446	3,452,706
Non-Controlling Interest		-	-
<b>Total Equity</b>		<b>2,927,446</b>	<b>3,452,706</b>

## Stokes (Australasia) Limited

### Cash Flow Statement For the Financial Year Ended 30 June 2011

	Note	2011 \$	2010 \$
<b><i>Cash Flows From Operating Activities</i></b>			
Receipts from customers		18,250,335	19,787,681
Payments to suppliers and employees		(18,905,782)	(18,456,535)
Interest received		7,438	6,123
Interest and other costs of finance paid		(67,245)	(143,222)
Income tax paid		(31,436)	-
Net cash provided by/(used in) operating activities	6(c)	(746,690)	1,194,047
<b><i>Cash Flows From Investing Activities</i></b>			
Payment for plant and equipment		(31,846)	(64,486)
Proceeds from sale of property, plant and equipment		-	2,277
Payment for net business assets net of cash acquired		-	-
Payments for subsidiary acquired		-	(175,000)
Net cash provided by/(used in) operating activities		(31,846)	(237,209)
<b><i>Cash Flows From Financing Activities</i></b>			
Dividend Paid		-	-
Finance lease payments		(7,913)	(20,857)
Proceeds from issue of Share capital		-	144,338
Proceeds from borrowings		-	-
Repayment borrowings to related parties		-	(80,464)
Repayment of borrowings		524,382	(737,387)
Net cash provided by/(used in) financing activities		516,469	(694,370)
<b><i>Net Increase/(Decrease) In Cash Held</i></b>		<b>(262,067)</b>	<b>262,468</b>
<b><i>Cash &amp; Cash equivalents at the Beginning of the Financial Year</i></b>		<b>461,322</b>	<b>198,854</b>
<b><i>Cash and Cash equivalents at the Beginning of the Financial Year</i></b>	6(a)	<b>199,255</b>	<b>461,322</b>

Source Reference: ASX Appdx 4E.5

## Stokes (Australasia) Limited

### Statement of Changes in Equity For the Financial Year Ended 30 June 2011

YEAR ENDED 30 JUNE 2010

parent	Notes	Attributable to equity holders of the		Non-Controlling Interest	Total equity
		Issued capital	Accumulated losses		
At 1 July 2009	6,064,546	(3,493,265)	2,571,281	148,524	2,719,805
Profit attributable to members of the Parent Entity	-	738,563	738,563	-	738,563
Non Controlling Interests acquired	-	(1,476)	(1,476)	(148,524)	(150,000)
Share issue during the period	144,338	-	144,338	-	144,338
At 30 June 2010	6,208,884	(2,756,178)	3,452,706	-	3,452,706

YEAR ENDED 30 JUNE 2011

parent	Notes	Attributable to equity holders of the		Non-Controlling Interest	Total equity
		Issued capital	Accumulated losses		
At 1 July 2010	6,208,884	(2,756,178)	3,452,706	-	3,452,706
Profit attributable to members of the Parent Entity	-	(525,260)	(525,260)	-	(525,260)
Non Controlling Interests acquired	-	-	-	-	-
Share issue during the period	-	-	-	-	-
At 30 June 2011	6,208,884	(3,281,438)	2,927,446	-	2,927,446

## **Stokes (Australasia) Limited**

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### **Notes to the Financial Statements For the Financial Year Ended 30 June 2011**

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## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

#### 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 2011 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 projected increases in sales over the levels achieved in 2011. The projections envisage the combined effects of increasing customer numbers, price increases and revisions to product ranges will result in an increase in turnover in excess of 10%. 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.

Details of changes in accounting policies:

#### *Change In Accounting Policy*

The Group changed its accounting policy in relation to the measurement of inventories for the financial year ended 30 June 2011. Inventories were previously recognised by the Group on the basis that a provision for inventory obsolescence was determined to occur on 100% of those items of inventory in excess of 12 months expected sales based on current sales trends.

The Group has now determined that the provision for inventory obsolescence is to be based on items of inventory in excess of 12 months expected current sales trends at the following percentages:

Inventory in excess of:

1 year and less than 2 years	nil
2 years and less than 3 years	25%
3 years and less than 4 years	50%
4 years and over	100%

This change has been implemented as management and the Board are of the opinion that this basis of measurement more accurately recognises the carrying value of inventories. The aggregate effect of the change in accounting policy on the annual report for the year ended 30 June 2011 was to increase the inventory carrying value and the result for the year by \$118,869.



## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

		2011 \$	2010 \$
	<b>2. Profit/(Loss) From Ordinary Activities</b>		
ASX Appdx 4E.3	Profit/(Loss) from ordinary activities before income tax includes the following items of revenue and expense:		
	<b>(a) Revenue</b>		
	Net increments arising from the revaluation of non-current assets:		
	Investments	-	-
	Property, plant and equipment	-	-
	Intangibles	-	-
	<b>(b) Expenses</b>		
	Cost of sales	9,786,801	9,981,441
	Prov. for bad and doubtful debts	(19,394)	(8,226)
	Non-current assets write down to recoverable amount		
	Property, plant and equipment		
	Depreciation of non-current assets	99,687	133,618
	Amortisation of non-current assets	4,984	12,499
	<b>(c) Revision of Accounting Policies</b>		
	Details of the nature and amount of revisions of accounting estimates:		

Refer to 1 above
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## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

#### 3. Commentary on Results

ASX Appdx  
4E.14

##### **Net Profit/(Loss)**

The consolidated group made a loss of \$525,260 for the year ended 30 June 2011. (2010 profit of \$738,563). Sales for the year were \$15.2 million (2010: \$16.2 million)

Trading in Australia has been very challenging

No dividend has been paid or is payable by Stokes (Australasia) Limited in respect of the year ended 30 June 2011 or year ended 30 June 2010.

	2011 \$	2010 \$
<b>4. Sale of Assets</b>		
ASX Appdx 4E.3		
Sales of assets in the ordinary course of business have given rise to the following profits and losses:	-	2,277
<b>Net Gain / (Loss)</b>		
Property, plant and equipment	-	(5,780)
<b>5. Accumulated Losses</b>		
ASX Appdx 4E.8		
Balance at beginning of financial year	(2,756,178)	(3,493,265)
Non-Controlling interest acquired	-	(1,476)
Net Profit / (Loss)	(525,260)	738,563
	(3,281,438)	(2,756,178)
<b>6. Notes to the Statement of Cash Flows</b>		
ASX Appdx 4E.5		
(a) <i>Reconciliation of Cash</i>		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	199,255	461,322

## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

2011                      2010  
\$                                      \$

#### 6. Notes to the Statement of Cash Flows (continued)

ASX Appdx  
4E.5

*(b) Financing Facilities*

Secured bank facility, subject to:-		
Amount used	916,534	392,152
Amount unused	1,583,466	2,107,848
	2,500,000	2,500,000
Secured overdraft facility, subject to:-		
Amount used	-	-
Amount unused	-	-
	-	-

ASX Appdx  
4E.5

*(c) Reconciliation of Profit / (Loss) from Ordinary Activities after Related Income Tax to Net Cash Flows from Operating Activities*

Profit / (Loss) from ordinary activities after related income tax	(525,260)	738,563
(Profit)/Loss on disposal of non-current assets	-	5,780
Depreciation and amortisation of non-current assets	104,671	146,117
Inventory Provisions	-	(423,243)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables	25,393	296,447
Current inventories	(581,095)	230,961
Other current assets	17,548	102,944
Increase/(decrease) in liabilities:		
Current trade payables and accruals	130,176	149,796
Current tax liability	-	31,437
Provisions-employee benefits	113,313	(84,755)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(31,436)	-
Net cash from operating activities	(746,690)	1,194,047

## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

#### 7. Details Relating to Dividends (Distributions)

ASX Appdx  
4E.6, ASX  
Appdx  
4E.14.2

			Date dividend payable	Amount per Share ¢	Amount per security of foreign sourced Dividend ¢
Final dividend	2011		N/A	-	-
	2010		N/A	-	-
	2009		N/A	-	-
Interim dividend	2008		N/A	-	-
	2007		N/A	-	-
Total	2006		N/A	-	-
	2005		N/A	-	-

#### Total dividend (distribution) per security (interim plus final)

ASX Appdx  
4E.6 ASX  
Appdx  
4E.14.2

	2011 ¢	2010 ¢
Ordinary securities (each class separately)	-	-
Preference securities (each class separately)	-	-
Other equity instruments (each class separately)	-	-

#### Interim and final dividend (distribution) on all securities

ASX Appdx  
4E.6 ASX  
Appdx  
4E.14.2

	2011 ¢	2010 ¢
Ordinary securities (each class separately)	-	-
Preference securities (each class separately)	N/A	N/A
Other equity instruments (each class separately)	N/A	N/A
<b>Total</b>	-	-

#### Any other disclosures in relation to dividends (distributions).

ASX Appdx  
4E.6, ASX  
Appdx  
4E.14.2

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## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

#### 7. Details Relating to Dividends (Distributions) (continued)

Stokes Australasia Limited	-	-
Minority shareholders	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### 8. Earnings Per Share

	<b>2011</b> <b>€ per share</b>	<b>2010</b> <b>€ per share</b>
Basic EPS	(7.3)	10.2
Diluted earnings per share	(7.3)	10.2
Earnings used in the calculation of the basic and diluted earnings per share.	(525,260)	738,563
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:	<b>7,239,177</b>	<b>7,239,177</b>
	<b>2011</b>	<b>2010</b>
Earnings used in the calculation of basic EPS	<u>(525,260)</u>	<u>738,563</u>
	<b>2011</b>	<b>2010</b>
Weighted average number of ordinary shares	<u>7,239,177</u>	<u>7,239,177</u>

## Stokes (Australasia) Limited

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### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

	2011	2010
9. Net Tangible Assets Per Share		
ASX Appdx 4E.9	0.40	0.48

#### 10. Contingent Liabilities and Contingent Assets

##### Contingent Liabilities

The directors are not aware of any contingent liabilities as at 30 June 2011.

##### Contingent assets

###### *Infringement of Trademark*

Stokes (Australasia) Ltd has instigated litigation against a distributor for infringing various patents and further matters. The information usually required by Accounting Standard AASB 137 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to seriously prejudice the outcome of this litigation. The directors are of the opinion that the claim can be successfully proven.

The directors are not aware of any other contingent assets as at 30 June 2011.

## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

#### 11. SEGMENT INFORMATION

##### TYPES OF PRODUCTS AND SERVICES

Merchandising and distribution of appliance parts, badges, medallions, electrical switches and controls are primarily for the domestic market.  
The manufacturing segment manufactures electric elements and metal components for industrial and household products.

	External Sales	
	2011 \$	2010 \$
Manufacturing	3,377,086	3,782,230
Merchandise	12,369,511	12,834,612
Inter segment Interest	7,438	6,723
<b>Total of all segments</b>	<b>15,754,035</b>	<b>16,623,565</b>
Eliminations	(559,050)	(398,081)
Unallocated	-	-
<b>Consolidated sales revenue</b>	<b>15,194,985</b>	<b>16,225,484</b>

##### SEGMENT RESULTS

	2011 \$	2010 \$
Manufacturing	199,336	347,330
Merchandise	676,309	1,547,622
<b>Total of all segments</b>	<b>875,645</b>	<b>1,894,952</b>
Eliminations	(1,400,905)	(1,124,952)
<b>Profit from ordinary activities before income tax expense</b>	<b>(525,260)</b>	<b>770,000</b>
Income tax expense relating to ordinary activities	-	(31,437)
<b>Profit from ordinary activities after related income tax expense</b>	<b>(525,260)</b>	<b>738,563</b>
<b>Net Profit</b>	<b>(525,260)</b>	<b>738,563</b>

## Stokes (Australasia) Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

#### 11. SEGMENT INFORMATION (continued)

##### SEGMENT ASSETS AND LIABILITIES

	Assets		Liabilities	
	2011 \$	2010 \$	2011 \$	2010 \$
Manufacturing	1,909,508	1,782,910	772,061	738,297
Merchandise	4,588,270	4,555,825	1,857,751	1,706,194
<b>Total of all segments</b>	<b>6,497,778</b>	<b>6,338,735</b>	<b>2,629,812</b>	<b>2,444,491</b>
Eliminations	(221,390)	(263,286)	(221,390)	(263,286)
Unallocated	60,375	58,051	1,000,893	499,589
<b>Consolidated</b>	<b>6,336,763</b>	<b>6,133,500</b>	<b>3,409,315</b>	<b>2,680,794</b>

##### OTHER SEGMENT INFORMATION

	Acquisition of Assets		Depreciation and Amortisation	
	2011 \$	2010 \$	2011 \$	2010 \$
Manufacturing	919		(32,387)	(57,303)
Merchandise	9,277	64,486	(52,813)	(74,344)
<b>Total of all segments</b>	<b>10,196</b>	<b>64,486</b>	<b>(85,200)</b>	<b>(131,646)</b>
Unallocated	21,649	-	(19,471)	(14,471)
<b>Consolidated</b>	<b>31,845</b>	<b>64,486</b>	<b>(104,671)</b>	<b>(146,117)</b>

#### 12. SUBSEQUENT EVENTS

On the 8<sup>th</sup> August 2011 the company arranged a variation to the General Business Factoring Agreement of 30<sup>th</sup> November 2009 with Oxford Funding Pty Ltd for a temporary increase to the advance rate from 80% to 90% until 29<sup>th</sup> February 2012. The subsidiary company, Edis Pty Ltd, provided a guarantee and indemnity as additional security to Oxford Funding Pty Ltd with all other terms and conditions remaining unchanged.

On the 31<sup>st</sup> August 2011 the directors resolved to proceed with a Share Purchase Plan which will allow shareholders to take up additional shares to a maximum value of \$10,000 at an issue price of \$0.20. The funds raised will be used as additional working capital and to take advantage of any opportunities as they arise.

No other significant events have occurred after balance date.



# Stokes (Australasia) Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2011

Source  
Reference

### 13. Information on Audit or Review

ASX Appdx  
4E.15

This preliminary final report is based on accounts to which one of the following applies:

- The accounts have been audited.       The accounts have been subject to review.
- The accounts are in the process of being audited or subject to review.       The accounts have not yet been audited or reviewed.

ASX Appdx  
4E.16

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

ASX Appdx  
4E.17

Description of dispute or qualification if the accounts have been audited or subjected to review.