

STOKES (AUSTRALASIA) LIMITED
ACN 004 554 929

CONSOLIDATED ACCOUNTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

Directors' report

Independent review report by Auditor

Directors' Declaration

Appendix 4B

STOKES (AUSTRALASIA) LIMITED

DIRECTORS' REPORT

The Directors of Stokes (Australasia) Limited submit herewith the half-year financial report for the half-year ended 31 December 2002. In order to comply with the provisions of the Corporations Law, the Directors report as follows:

The names of the Directors of the company during or since the end of the half-year are:

NAME

D G S Anderson

C K Day

W R Stokes

REVIEW OF OPERATIONS

The Directors of Stokes (Australasia) Limited report that the Company recorded an operating profit of \$38,000 after minority interest and income tax for the six months ended 31 December 2002. This result compares with an operating loss of \$117,000 after minority interest and income tax for the same period last year.

Overall revenue for the half year was down by 5%. Sales of manufactured goods were up principally effecting an increase in dishwasher baskets. Sales of appliance parts were down.

The overall spare parts market continued to decline as sales of new homes and appliances remain buoyant. The Company is addressing this market decline and is taking on the distribution of additional products to increase overall sales in this segment.

As announced previously the Company has lost the contract to manufacture dishwasher baskets for the Electrolux Australian market. Current production is running at high levels as the customer builds stock prior to closing their assembly line and introducing a new line for the new model.

Cost reductions and reduction of overhead staff continued to be implemented during the period. The corporate office at Mitcham was closed in January 2003 and relocated to the factory site at Ringwood.

The Company continued to be in breach of lending covenants with its financiers during the six months, but the financial ratios progressively improved. The key covenant, being the Fixed Charge Cover ratio, improved during the half year and as at December 31, 2002 the Company was no longer in breach of that covenant. This position has been maintained.

A handwritten signature in black ink, appearing to be 'W R Stokes', is located in the bottom right corner of the page.

The Board is continuing to review all of the activities of the Company and is focusing on its future after the dishwasher basket contract has expired. It is expected some new contracts for heating elements will partially offset the reduction in sales, but some downsizing of the manufacturing facility appears inevitable. These options include relocating all or part of the Appliance Parts operations to Ringwood so that all of the Company's activities are under one roof.

The loan agreement with the Company's financiers is due to expire on November 30, 2003. The directors have been in communication with its financiers and are hopeful of developing a financial plan that will be acceptable to the financiers relating to future funding for the Company. The directors are hopeful of developing and implementing a strategy that allows for a successful future for the Company. The Company is currently trading below its budgeted profit levels but even taking this into account believe that the Company will show a small profit for the year to end on June 30, 2003.

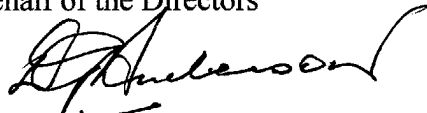
The Directors have decided not to pay an interim dividend.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1988, and in accordance with that Class Order amounts in the Directors' report and the financial report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



D G S Anderson
Director

C K Day
Director



W R Stokes
Director

Melbourne 13 March 2003

INDEPENDENT REVIEW REPORT TO THE MEMBERS

OF STOKES (AUSTRALASIA) LIMITED

Scope

We have reviewed the attached financial report of Stokes (Australasia) Limited in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules, including the directors' declaration, for the half-year ended 31 December 2002, but excluding the following sections:

- a) material factors affecting the revenues and expenses of the consolidated entity for the current period (page 15); and
- b) compliance statement (page 18-19).

The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, statutory requirements and ASX Listing Rules as they relate to Appendix 4B, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to meet its obligations to lodge the financial report with the Australian Securities and Investments Commission and the ASX.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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 (Australasia) Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia and ASX Listing Rules as they relate to Appendix 4B.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the statement expressed above, attention is drawn to the following matter. As a result of the matters described under the Basis of Financial Report Preparation (as referred to in Section 19.4 on page 17 of Appendix 4B), there is significant uncertainty whether the economic entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

SP

S PELUSI
Partner
Chartered Accountants

Melbourne, 13 March 2003

STOKES (AUSTRALASIA) LIMITED

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED

31 DECEMBER 2002

The directors declare that:

- a) The attached financial statements and notes thereto comply with accounting standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- c) In the director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Law; and
- d) Subject to those matters detailed in the basis of accounts preparation section of the attached Appendix 4B, in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to Section 295 (5) of the Corporations Act 2001.

On behalf of the Directors



D G S Anderson
Director

C K Day
Director



W R Stokes
Director

Melbourne, 13 March 2003

APPENDIX 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

STOKES (AUSTRALASIA) LIMITED

ABN or equivalent company reference

24 004 554 929

Half yearly
(tick)

X

Preliminary
final (tick)

Half year/financial year ended ('current period')

31 December 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (<i>item 1.1</i>)	up/down	5.1%	to	17,092
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	up/down	132.5%	to	38
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of	-		-
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	up/down	132.5%	to	38
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>)		-		-
Interim dividend (<i>Half yearly report only - item 15.6</i>)		-		-
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		-		-
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)		N/A		
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

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Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities <i>(see items 1.23 -1.25)</i>	17,092	18,004
1.2 Expenses from ordinary activities <i>(see items 1.26 & 1.27)</i>	(16,668)	(17,756)
1.3 Borrowing costs	(304)	(322)
1.4 Share of net profits (losses) of associates and joint venture entities <i>(see item 16.7)</i>	-	-
1.5 Profit (loss) from ordinary activities before tax	120	(74)
1.6 Income tax on ordinary activities <i>(see note 4)</i>	(52)	(28)
1.7 Profit (loss) from ordinary activities after tax	68	(102)
1.8 Profit (loss) from extraordinary items after tax <i>(see item 2.5)</i>	-	-
1.9 Net profit (loss)	68	(102)
1.10 Net profit (loss) attributable to outside ⁺ equity interests	30	15
1.11 Net profit (loss) for the period attributable to members	38	(117)
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	43	-
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	43	-
1.17 Total changes in equity not resulting from transactions with owners as owners	81	(117)

Earnings per security (EPS)	Current period	Previous corresponding Period
1.18 Basic EPS	0.67 cents	(2.07 cents)
1.19 Diluted EPS	0.67 cents	(2.07 cents)

+ See chapter 19 for defined terms.

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Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	68	(102)
1.21 Less (plus) outside ⁺ equity interests	30	15
1.22 Profit (loss) from ordinary activities after tax, attributable to members	38	(117)

Revenue and expenses from ordinary activities

(see note 15)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services	16,982	17,696
1.24 Interest revenue	3	-
1.25 Other relevant revenue	107	308
	<u>17,092</u>	<u>18,004</u>
1.26 Details of relevant expenses		
Cost of Goods Sold	(12,643)	(12,201)
Distribution expenses	(776)	(1,403)
Selling expenses	(1,693)	(2,131)
Occupancy expenses	(221)	(257)
Administration expenses	(1,328)	(1,682)
Borrowing costs	(304)	(322)
Other expenses	(7)	(82)
Total Expenses	<u>(16,972)</u>	<u>(18,078)</u>
1.27 Depreciation and amortisation included in the above expenses (excluding amortisation of intangibles) (<i>see item 2.3</i>)	(425)	(446)
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-

+ See chapter 19 for defined terms.

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Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	(1,206)	(958)
1.31 Net profit (loss) attributable to members (item 1.11)	38	(117)
1.32 Net transfers from (to) reserves (details if material)	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	-	-
1.35 Retained profits (accumulated losses) at end of financial period	(1,168)	(1,075)

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
	Before tax \$A'000	Related tax \$A'000	Related outside + equity interests \$A'000	Amount (after tax) attributable to members \$A'000	
	(a)	(b)	(c)	(d)	
2.1 Amortisation of goodwill	29	-	7	22	
2.2 Amortisation of other intangibles (borrowing costs)	32	-	-	32	
2.3 Total amortisation of intangibles	61	-	7	54	
2.4 Extraordinary items (details)	-	-	-	-	
2.5 Total extraordinary items	-	-	-	-	

+ See chapter 19 for defined terms.

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Comparison of half year profits

(Preliminary final report only)

- 3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year (item 1.22 in the half yearly report)

- 3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year

	Current year - \$A'000	Previous year - \$A'000
	N/A	N/A
	N/A	N/A

+ See chapter 19 for defined terms.

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Condensed consolidated statement of financial position		At end of current period SA'000	As shown in last annual report SA'000	As in last half yearly report SA'000
Current assets				
4.1	Cash	1,108	634	206
4.2	Receivables	4,848	5,213	5,449
4.3	Investments	-	-	-
4.4	Inventories	5,893	5,290	5,419
4.5	Tax assets	-	11	-
4.6	Other	248	203	349
4.7	Total current assets	12,097	11,351	11,423
Non-current assets				
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	-	-	-
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Development properties (+ mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	5,224	5,445	5,832
4.15	Intangibles (net)	136	153	168
4.16	Tax assets	-	-	-
4.17	Other (capitalised borrowing costs)	57	89	121
4.18	Total non-current assets	5,417	5,687	6,121
Total assets		17,514	17,038	17,544
4.19	Current liabilities			
4.20	Payables	4,189	4,507	4,737
4.21	Interest bearing liabilities	6,598	5,720	5,527
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	573	708	980
4.24	Other (current tax liabilities)	44	26	49
	Total current liabilities	11,404	10,961	11,293
4.25	Non-current liabilities			
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	156	158	275
4.28	Tax liabilities	-	-	-
4.29	Provisions exc. tax liabilities	813	877	852
4.30	Other (provide details if material)	-	-	-
4.31	Total non-current liabilities	969	1,035	1,127

+ See chapter 19 for defined terms.

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Condensed consolidated statement of financial position continued

4.32	Total liabilities	12,373	11,996	12,420
4.33	Net assets	5,141	5,042	5,124
	Equity			
4.34	Capital/ contributed equity	5,895	5,895	5,895
4.35	Reserves	202	178	159
4.36	Retained profits (accumulated losses)	(1,168)	(1,206)	(1,075)
4.37	Equity attributable to members of the parent entity	4,929	4,867	4,979
4.38	Outside ⁺ equity interests in controlled entities	212	175	145
4.39	Total equity	5,141	5,042	5,124
4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	
5.2	Expenditure incurred during current period	
5.3	Expenditure written off during current period	
5.4	Acquisitions, disposals, revaluation increments, etc.	
5.5	Expenditure transferred to Development Properties	N/A
5.6	Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1	Opening balance	
6.2	Expenditure incurred during current period	
6.3	Expenditure transferred from exploration and evaluation	N/A
6.4	Expenditure written off during current period	
6.5	Acquisitions, disposals, revaluation increments, etc.	
6.6	Expenditure transferred to mine properties	N/A

+ See chapter 19 for defined terms.

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6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)

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Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	17,358	17,940
7.2 Payments to suppliers and employees	(17,244)	(16,974)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	3	-
7.6 Interest and other costs of finance paid	(301)	(291)
7.7 Income taxes paid	(59)	(12)
7.8 Other		(33)
7.9 Net operating cash flows	(243)	630
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(204)	(195)
7.11 Proceeds from sale of property, plant and equipment	45	22
7.12 Payment for purchases of equity investments	-	-
7.13 Proceeds from sale of equity investments	-	-
7.14 Loans to other entities	-	-
7.15 Loans repaid by other entities	-	-
7.16 Other (provide details if material)	-	-
7.17 Net investing cash flows	(159)	(173)
Cash flows related to financing activities		
7.18 Proceeds from issues of ⁺ securities (shares, options, etc.)	-	-
7.19 Proceeds from borrowings	484	-
7.20 Repayment of borrowings	(197)	(505)
7.21 Dividends paid	-	-
7.22 Other (provide details if material)	-	-
7.23 Net financing cash flows	287	(505)
7.24 Net increase (decrease) in cash held	(115)	(48)
7.25 Cash at beginning of period (see Reconciliation of cash)	634	248
7.26 Exchange rate adjustments to item 7.25.	-	-
7.27 Cash at end of period (see Reconciliation of cash)	519	200

+ See chapter 19 for defined terms.

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Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)

N/A

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	1,108	206
8.2 Deposits at call	-	-
8.3 Bank overdraft	(589)	(6)
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	519	200

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit (Loss) before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	0.7%	(0.4%)
9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	0.6%	(2.0%)

+ See chapter 19 for defined terms.

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Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

Profit for the half year: \$38 thousand (2001: \$117 thousand loss)

Weighted average number of ordinary shares outstanding during the period used in the calculation of the basic EPS: 5,651,250 (2001: 5,651,250).

NTA backing
(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	\$0.89	\$0.86

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	N/A
13.3 Date from which such profit has been calculated	N/A
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	N/A
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14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHES approved)	N/A
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	N/A

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	-¢	-¢	-¢
	Previous year	-¢	-¢	-¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	-¢	-¢	-¢
	Previous year	-¢	-¢	-¢

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

(Preliminary final report only)

	Current year		Previous year
15.8	+Ordinary securities	¢	¢
15.9	Preference +securities	N/A	N/A

+ See chapter 19 for defined terms.

**Half yearly report - interim dividend (distribution) on all securities *or*
Preliminary final report - final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities (<i>each class separately</i>)	-	-
15.11 Preference +securities (<i>each class separately</i>)	N/A	N/A
15.12 Other equity instruments (<i>each class separately</i>)	N/A	N/A
15.13 Total	-	-

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax		
16.2 Income tax on ordinary activities		
16.3 Profit (loss) from ordinary activities after tax		
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)		
16.6 Adjustments		
16.7 Share of net profit (loss) of associates and joint venture entities	N/A	N/A

+ See chapter 19 for defined terms.

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Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
17.1 Equity accounted associates and joint venture entities				
N/A				
17.2 Total				
17.3 Other material interests				
N/A				
17.4 Total				

+ See chapter 19 for defined terms.

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Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺ securities <i>(description)</i>	N/A			
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	N/A			
18.3 ⁺ Ordinary securities	5,651,250	5,651,250	N/A	N/A
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	Nil Nil			
18.5 ⁺ Convertible debt securities <i>(description and conversion factor)</i>	N/A	N/A		
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7 Options <i>(description and conversion factor)</i>	N/A	N/A	<i>Exercise price</i>	<i>Expiry date (if any)</i>
18.8 Issued during current period				
18.9 Exercised during current period				
18.10 Expired during current period				
18.11 Debentures <i>(description)</i>	N/A	N/A		
18.12 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

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18.13 Unsecured notes (description)	N/A	N/A
18.14 Changes during current period		
(a) Increases through issues		
(b) Decreases through securities matured, converted		

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

Refer attached appendix

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

REFER ATTACHED

Basis of financial report preparation

19.1 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer attached Directors Report

The company is in breach of the lending covenants required by its financier who therefore, technically has the right to demand repayment in full. The company and its financiers are in regular contact in relation to the facility which is in place until November 2003. As the financier has technical right to demand repayment at any time, and all facilities expires within one year, all such debt has been classified as a current liability as at 31 December 2002. The financier has not made a demand.

Disclosure required by Note 4 "Income Tax" on page 17:
The income tax charge for the period differs from the prima facie income tax on the loss before tax as the New Zealand subsidiary included in the consolidated entity reported a profit. The tax expense represents the prima facie tax on the New Zealand subsidiary profit, adjusted for disallowed expenses. The tax benefit for the Australian company is not recorded as the virtual certainty test required by AASB1020 "Income Tax" is not met.

19.2A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

⁺ See chapter 19 for defined terms.

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Nil

19.3 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Nil

19.4 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

+ See chapter 19 for defined terms.



There were no changes in accounting policies during the period since the last Annual Report.

The financial report has been prepared in accordance with generally accepted accounting principles which are based on the company and the consolidated entity continuing as a going concern.

To continue as a going concern, the company and the consolidated entity requires the continued support of their financier.

The company and the consolidated entity have breached the lending covenants contained in the Finance Facility Agreement dated 28 November 2000. Accordingly, the facility is now technically on demand. Furthermore, the finance facility expires and is due for renewal on 28 November 2003.

As the finance facility matures in November 2003, all borrowings under the facility have been classified in this Appendix 4B financial report as current liabilities.

Without the support of the financier, and / or securing alternative sources of finance, there is significant uncertainty that the company and the consolidated entity will continue as a going concern.

At a meeting with the financiers it was disclosed that the consolidated entity would meet the Fixed Cover Charge Covenant from December 2002 but would remain in breach of the Net Tangible Worth Covenant. The financiers have verbally agreed to revise the Net Tangible Worth covenant to a level that the consolidated entity is expected to meet going forward.

The board of directors are closely monitoring all aspects of the business and are continuing to take action to improve cash flows and to return the company to profitable trading for the financial year ending 30 June 2003.

Without relinquishing any of their rights the financiers indicated that they would not call on the facilities, despite the breaches, provided that the action taken by the Directors will result in the Fixed Cover Charge Covenant continuing to be met from December 2002. This covenant has been met for December 2002 and January 2003.

The company has entered into preliminary discussions with the financiers in respect to the renewal of the finance facility on 28 November 2003. The financiers have advised Management that the two critical factors in their decision of whether or not to renew the finance facility are:

1. That the consolidated entity continues to meet the Fixed Cover Charge Covenant; and
2. That the Directors present a business plan for the two financial years ending 30 June 2004 and 30 June 2005 to the financiers by the end of the June 2003 quarter, setting out the company's strategy and the actions that will be taken.

On the information currently available the directors believe that the above conditions can be achieved and that the finance facility will be renewed on 28 November 2003. Based on this the Directors are of the opinion that the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, they may be required to realise their assets and extinguish their liabilities at amounts different to that stated in the financial report.

The financial report does not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

+ See chapter 19 for defined terms.

19.5 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Nil

19.6 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Nil

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

N/A

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the +annual report will be available

N/A

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

+ See chapter 19 for defined terms.

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Identify other standards used

None.

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

4 This report is based on +accounts to which one of the following applies.
(Tick one)

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.

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.

6 The entity has a formally constituted audit committee.

Sign here:  Date:13 March 2003
(Director)

Print name: J.G.S. ANDERSON

Sign here:  Date:13 March 2003
(Director)

Print name: WILLIAM STOKES

Sign here: Date:
(Director)

Print name:

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in

+ See chapter 19 for defined terms.

accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.

2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

3. **Condensed consolidated statement of financial performance**

Item 1.1 The definition of “revenue” and an explanation of “ordinary activities” are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.

Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column “Franked amount per security at % tax” for items 15.4 to 15.7.

5. **Condensed consolidated statement of financial position**

Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺ annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.

+ See chapter 19 for defined terms.

6. **Condensed consolidated statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A’000 headings must be amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, and the \$A’000 headings must be amended.
10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the ⁺ASIC under the Corporations Act must also be given to ASX. For example, a director’s report and declaration, if lodged with the ⁺ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.

⁺ See chapter 19 for defined terms.

13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their ⁺accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

Relevant Items *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term “relevance” is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

16. **Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

17. **DISCONTINUING OPERATIONS**

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their ⁺accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. **Format**

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

⁺ See chapter 19 for defined terms.

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APPENDIX 1 SEGMENT INFORMATION

SEGMENT REVENUES

	External Sales		Total	
	31 December 2002 \$'000	31 December 2001 \$'000	31 December 2002 \$'000	31 December 2001 \$'000
Manufactured	9,374	8,964	9,374	8,964
Merchandised	7,770	8,905	7,770	8,905
Total of all segments	17,144	17,869	17,144	17,869
Eliminations	(162)	(173)	(162)	(173)
Unallocated	110	308	110	308
Consolidated	17,092	18,004	17,092	18,004

SEGMENT RESULTS

	2002 \$'000	2001 \$'000
Manufactured	2,057	1,511
Merchandising	162	862
Total of all segments	2,219	2,373
Eliminations	(162)	(173)
Unallocated	(1,937)	(2,274)
Profit (loss) from ordinary activities before income tax expense	120	(74)
Income tax expense relating to ordinary activities	(52)	(28)
Profit from ordinary activities after related income tax expense	68	(102)
Extraordinary items	-	-
Net profit (loss)	68	(102)

Note: It was not possible to obtain a meaningful breakdown of segment assets and liabilities in the prior period based on adopting the revised accounting standard, AASB 1005 Segment Reporting for the first time for the 30 June 2002 financial year end.

+ See chapter 19 for defined terms.

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Stokes (Australasia) Limited

Notes (continued)

SEGMENT INFORMATION (continued)

SEGMENT ASSETS AND LIABILITIES

	Assets		Liabilities	
	31 Dec 2002 \$'000	31 Dec 2001 \$'000	31 Dec 2002 \$'000	31 Dec 2001 \$'000
Manufactured	10,542		(2,839)	
Merchandised	5,575		(2,237)	
Total of all segments	16,117		(5,076)	
Eliminations	0		0	
Unallocated	1,397	17,544	(7,297)	(12,420)
Consolidated	17,514	17,544	(12,373)	(12,420)

OTHER SEGMENT INFORMATION

	Manufactured		Merchandised	
	31 Dec 2002 \$'000	31 Dec 2001 \$'000	31 Dec 2002 \$'000	31 Dec 2001 \$'000
Acquisition of segment assets	95	94	84	84
Depreciation and amortisation of segment assets	301	298	124	125

INFORMATION OF GEOGRAPHICAL SEGMENTS (SECONDARY SEGMENT)

Geographical Segment	Revenue from \$'000	Segment Assets \$'000	Acquisition of Segment Assets \$'000
Australia	15,659	16,424	164
New Zealand	1,090	1,090	15

Australia and New Zealand operate in both the Manufactured and Merchandised business segments.

+ See chapter 19 for defined terms.

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