Directors' Report

Your directors present their report together with the financial statements of the Group, being the company and it controlled entities, for the financial year ended 30 June 2009.

(a) Directors

The names of each of the directors of the company in office during or since the end of the financial year are set out below, together with their qualifications, experience and special responsibilities.

William R. Stokes, B. Comm., Age 65

Mr. Stokes has been a director since 1967 and was the Managing Director from 1974 until 2004. He is also a Director of Stokes (New Zealand) Limited and Stokes Investments Pty. Limited, a former Director of The Australian Electrical and Electronics Manufacturers Association, and a former General Councillor of the Victorian Branch of the Australian Industry Group.

Gordon B. Elkington, B.Sc., M.Sc., Ph.D., LL.M., Age 63

Mr. Elkington has been a director and the company secretary since 2003. He trained in science, engineering and law at the University of Sydney. He is a barrister of the Supreme Court of New South Wales and a former senior lecturer in law at the University of Sydney. He is a Director of each of Winpar Holdings Limited, Pritchard Equity Limited and Hamilton Securites Limited.

David Welsh, Age 41

Mr. Welsh was appointed as a Director at the Annual general meeting 16 November 2007. He is a medical practitioner who has had considerable experience in the establishment of medical centres and other businesses.

Ian Alexander, Age 55

Mr. Alexander was appointed as a Director at the Annual general meeting 16 November 2007. He is a Chartered Accountant who has had considerable business experience in manufacturing, distribution and transport.

David Tweed, Age 45

Mr. Tweed was appointed as a Director at the Annual general meeting 16 November 2007. He is an investor who has had considerable experience in the securities industry. Mr. Tweed resigned from the board on 25 May 2009.

John M. Hackett, B.Bus. Studies, C.P.A., Age 61

Mr. Hackett worked at Stokes since 1990 and was General Manager till he retired on 12 August 2008. He was formerly the Company's Chief Finance Officer for 10 years. Before that he was an Accountant at Dulux Paints Pty. Limited

Michael Cox, Age 48

Mr. Michael Cox was appointed a Non-Executive Director on 27 June 2009. Michael Cox has held positions of managing director of NSX Limited and Queensland Opals N.L., and Executive Director of Australian Environmental Resources N.L., and earlier positions as a resource and mining analyst. He holds the degrees of Bachelor of Science and Bachelor of Laws.

(b) Stokes Mission

Stokes mission is to maximise the long term return to shareholders. We aim to achieve this by:

- Satisfying the needs of customers through the provision of goods and services on a competitive and professional basis.
- Empowering our employees and rewarding good performance.
- Acting with integrity and honesty in dealings both inside and outside the company.
- Utilising the warehouse and its capacity as a logistics centre for other spare parts distributions.
- Creating a greater focus on industrial projects.

Directors' Report

(c) Stokes Vision

The major business activity of Stokes is the wholesaling and distribution of appliance parts and industrial products. Other business activities include manufacturing, which operates to support the trading division with appliances and industrial elements, and the supply of badges and related consumer products.

(d) Short Term Strategy

Appliance Parts

Continue to take steps to improve the effectiveness of the business unit by:

- Sourcing the products in the most economical manner whether by way of importing or by manufacturing where it adds value
- Investing in technology to improve the efficiency of the warehouse
- Seeking opportunities with other complimentary suppliers to share the existing warehousing facilities as well as our distribution network. This will result in improved service and improved cost structure.
- Sourcing other products which are complimentary to the existing range being supplied to our customers.
- Being customer focused by developing relationships with customers along with developing a service culture.
- Continuing to focus on margin management.

Industrial (Stokes Synertec)

Continue to service the existing customer base in the most effective manner and sourcing products either by way of importing from existing external manufacturers or by manufacturing internally.

Manufacturing

- Continue to manufacture items where this adds value to the group.
- The relative importance of this activity is reducing and will continue to reduce with surplus resources being redeployed to other areas of the group.

Badges

- Continue to maintain a service culture in meeting the needs of customers.
- Be innovative in meeting the changing needs of customers.

(e) Operating results

The consolidated group made a profit of $51,507 for the year ended 30 June 2009. (2008 loss of $572,000). Sales for the year were $14.9 million (2008 $18.7million)

Trading in Australia has been challenging due to a decline in sales reflecting the competitive trading conditions prevailing notwithstanding the decline in sales, the group improved its financial result by:

- Focusing more on margin management
- Reducing cost structure of the group.

Stokes has conservatively accounted for slow moving stock by making a 100% provision on these items in excess of 12 months expected sales based on current sales trends. Inventories, since peaking at 31 December 2008, have been steadily declining as result of improved focus on inventory management.

The board had a business review conducted in June 2009 and as a consequence Ron Drury, as with effect from 1 July 2009, was appointed Chief Executive Officer of the group with the objective of implementing recommendations that will improve business efficiency and profitability. The recommendations further reiterates the following as outlined in the half yearly report:

- Look for ways to improve the cost structure of the Group.
- Develop the business activities that it currently operates where the returns justify doing so.
- Structure the businesses as to improve customer focus and internal accountability.
- Extract the synergies arising from the acquisition of Edis Pty Ltd.
- Continue the manufacturing activity where value can be derived for the benefit of the group.

Directors' Report

(f) Finance

Stokes continues to rely on the support of the existing financier GE Corporate Finance. Whilst Stokes was in default of the covenants relating to those facilities as at 31 December 2008 they have either been rectified or are in the process of being rectified as follows:

(i) Stokes is in compliance with the fixed cover ratio ie profitability covenant as at 30 June 2009.

(ii) Stokes is in the process of rectifying the breach in the net tangible worth covenant as a result of

- I. Placement of Shares made to interests associated with Director Michael Cox.
- II. Share Purchase Plan being offered to existing shareholders registered at 29 June 2009 and which closes on 31 August 2009.
- III. Subject to shareholders approval a further issue of shares is expected to be made to interests associated with Director Michael Cox.
- IV. Return to profitability by Stokes in the second half of 2009 financial year and it is continuing in the 2010 year to date.

As the GE Corporate facility expires on 31 January 2010, the Board is in the process of seeking alternative funding on an ongoing basis but given the actions taken detailed above the Directors are confident of being able to source funding for the Company's ongoing needs.

(g) Resignation of Directors

Mr. John Hackett resigned as a Director on 12 August 2008. Mr. David Tweed resigned as a Director on 25 May 2009.

(h) Dividends

No dividends have been paid or are payable by Stokes (Australasia) Limited in respect of the year ended 30 June 2009 or the year ended 30 June 2008.

(i) Significant changes in state of affairs – Purchase of Edis

During the financial year, there was no significant change in the state of affairs of the consolidated entity, other than as referred to in the financial statements, the notes thereto and elsewhere in this report, except that Stokes acquired a partly owned subsidiary Edis Pty Ltd which is a distributor of Appliances parts based in Sydney, NSW.

(j) Significant events after balance date

Appointment of Mr. Ron Drury

Mr. Ron Drury was appointed as CEO of the group as at 1 July 2009.

There has not been any matter or circumstance, other than as referred to in the financial statements, notes thereto, or elsewhere in this report, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

(k) Likely developments and expected results

Increased focus on servicing our customers more effectively.

Directors' Report

(l) Directors' equity holdings

At the date of this report, Directors had relevant interests in ordinary shares in Stokes (Australasia) Limited as follows:

Director	Shares held directly	Shares held indirectly	Total
William R. Stokes	743,944	332,650	1,076,594
Gordon B. Elkington	108,122	-	108,122
David Welsh	401,676	80,000	481,676
David Tweed	100	1,424,089	1,424,189
Ian Alexander	664,002	-	664,002
Michael Cox		847,728	

Winpar Holdings Limited, a public investment company of which Mr. Elkington is a director, holds 93,270 shares in Stokes (Australasia) Limited. Winpar Holdings Limited holds these shares beneficially.

Mrs. Milly Elkington, the wife of Mr. Elkington, holds 303,443 shares in Stokes (Australasia) Limited.
Mrs. Elkington holds these shares beneficially.

None of the directors has any interest in options in Stokes (Australasia) Limited.

(m) Directors' meetings

The number of Directors' meetings and Audit Committee meetings held during the financial year and the number of meetings attended by each Director (while they were a director or committee member) are as follows:

Director	Directors Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
William R. Stokes	15	15	2	2
Gordon B. Elkington	15	15	2	2
John Hackett	3	2	2	2
David Welsh	15	12	2	2
David Tweed	13	13	2	2
Ian Alexander	15	15	2	2
Michael Cox	1	1	-	-

(n) Indemnification and insurance of officers and auditors

The Constitution of the Company provides that, to the extent permitted by the Corporations Act "every officer and employee of the Company and its wholly-owned subsidiaries shall be indemnified out of the funds of the Company (to the extent that the officer or employee is not otherwise indemnified) against all liabilities incurred as such an officer or employee, including all liabilities incurred as a result of appointment or nomination by the Company or the subsidiary as a trustee or as an officer or employee of another corporation."

The Directors of the Company who held office during the past year, Messrs. W. R. Stokes, G. B. Elkington, J. M. Hackett, D. Welsh. D. Tweed and I. Alexander, Michael Cox have the benefit of the above indemnity. The indemnity also applies to executive officers of the Company who are concerned, or take part, in the management of the Company.

The Company has not paid any insurance premiums in respect of any past or present Directors, other than as required by law.

(o) Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998, 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 where indicated.

(p) Auditor independence and non audit services

The Directors have received a declaration from the auditor of Stokes (Australasia) Limited, UHY Haines Norton, which is included on pages 47-49 of this report. UHY Haines Norton had provided tax compliance services to the Company. The Directors are satisfied that the provision of those services was compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001*. The nature and scope of the non-audit services provided was not such that auditor independence was compromised.

(q) Staff

The Board appreciates the support it continues to have from the Company's staff, and acknowledges with thanks the efforts they have all made to assist the Company through a difficult period.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and executives of Stokes (Australasia) Limited.

Remuneration philosophy

Non-executive directors waived Directors fees from the date of the Annual General Meeting, 16 November 2007, given the condition of the Company.

There are no retirement schemes in place for directors other than statutory contributions to superannuation.

Employment contracts

Mr. J M Hackett, Executive Director and Chief Executive Officer until 23 August 2008, received a salary together with director's fees and 9 percent superannuation guarantee levy. His employment contract stated that three months notice of employment termination must be given by either party.

Directors' and other officers' emoluments

Director	Short-term	Long-term	Post-employment	Total 2009
	Salary and fees	Long service leave	Superannuation	
	$	$	$	$
William R. Stokes	-	-	-	-
Gordon B. Elkington	-	-	-	-
Ronald J. Drury	-	-	-	-
John M. Hackett	9,271	22,766	21,809	53,846
David Tweed	-	-	-	-
Ian Alexander	-	-	-	-
David Welsh	-	-	-	-
Michael Cox	-	-	-	-
Total	9,271	22,766	21,809	53,846

Director	Short-term	Long-term	Post-employment	Total 2008
	Salary and fees	Long service leave	Superannuation	
	$	$	$	$
William R. Stokes	13,222	-	1,375	14,597
Gordon B. Elkington	7,556	-	680	8,236
Ronald J. Drury	22,791	-	-	22,791
John M. Hackett	106,634	2,219	12,863	121,716
David Tweed	-	-	-	-
Ian Alexander	-	-	-	-
David Welsh	-	-	-	-
Total	150,203	2,219	14,918	167,340

Directors' Report

Signed on 30 August 2009 in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Ian Alexander Chairman	Gordon B. Elkington Director/Secretary	William Stokes Director

CORPORATE GOVERNANCE STATEMENT

Stokes (Australasia) Limited supports the ASX Corporate Governance Council's *Principles of Good Corporate Governance*, and has complied with the Council's *Best Practice Recommendations* to the extent considered appropriate, given the Company's relative size and other circumstances

The following information is provided in relation to each of the Council's 10 *Principles*.

1. Management and oversight

The Board has the overall responsibility for the Company's operations. The Board sets the Company's direction, monitors its performance and its reporting systems, and approves capital expenditure. The Group Chief Executive Officer is responsible for the Company's day-to-day operations, and reports regularly to the Board.

The Board meets regularly to review the Company's performance.

2. Structure of the Board

The Board has considered the role of each of its members and has reviewed its present composition. It is satisfied that each member of the Board brings with him individual skills which are not duplicated, and that the composition of the Board is appropriate, having regard to the size and history of the Company.

Directors are considered independent when they are free of management and free from any business or other relationship that could materially interfere with, or could be reasonably perceived to materially interfere with, the exercise of their unfettered and independent judgement. In this context, materiality is considered from both the Company's and the individual director's perspective. The determination of materiality requires consideration of both quantitative and qualitative factors. An item is presumed to be immaterial if it is equal to or less than 5 percent of the appropriate base amount. It is presumed to be material if it is equal to or greater than 10 percent of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship, the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with this definition of independence and the materiality thresholds set, Gordon B. Elkington is considered to be an independent director.

The Board has not sought to appoint additional independent directors as this would result in additional cost to the Company.

The Company's Constitution requires that directors appointed by the Board submit themselves for re-election at the first meeting of shareholders following their appointment. Under the Constitution, one third of the directors must retire by rotation each year and submit themselves for re-election by shareholders.

A separate nomination committee has not been established, and the Board itself is responsible for succession planning and the identification of new Board members.

3. Ethical decision making

The Board requires its members to keep it advised of any interests that might conflict with those of the Company. Where there is a conflict in relation to any matter, the director concerned does not participate at any meeting where the matter is being considered.

The Board has adopted guidelines for dealings in the Company's shares which define periods during which dealings may normally occur and the procedures for notifying the Board prior to any dealing.

4. Integrity in financial reporting

The Board requires the Group Chief Executive Officer and the Chief Financial Officer to confirm in writing that the Company's financial reports present a true and fair view of the Company's financial position.

The Board has a formally established Audit Committee which presently comprises all of the Board members. The function of the Audit Committee is to review the Company's financial reports, liaise with the external auditor, review the auditor's reports, and ensure that any necessary action is taken by management in relation to those reports.

The Audit Committee is also responsible for monitoring compliance with the *Corporations Act* and ASX *Listing Rules* as well as monitoring any related party transactions of the Company.

In fulfilling its responsibilities, the Committee receives regular reports from management and the external auditor. It also meets with the external auditor at least twice a year.

Attendances at Audit Committee meetings by directors are set out in the Directors' Report.

5. Timely and balanced disclosure

The Secretary has the responsibility for ensuring that material matters are disclosed to the market. The Secretary has regular contact with management, who are required to report any material matters to him in relation to the Company's day-to-day operations.

6. Respect for the rights of shareholders

The Company has only one class of shareholders, and recognises them at all times as the ultimate owners of the Company in the way it conducts its affairs.

The Company encourages its shareholders to participate at general meetings.

The Company has developed a website which facilitates communication with shareholders.

7. Recognition and management of risk

The Board is provided with detailed management and financial reports on a regular basis, and reviews these with particular reference to risk management. The Group Chief Executive Officer and the Chief Financial Officer report personally at Board meetings.

Specific procedures to recognize and manage risks include:

- consideration of and approval by the Board each year of the Company's annual budget and business plan;
- ensuring, via delegated authorities, that capital expenditure commitments exceeding certain limits are submitted to the Board for approval;
- requiring comprehensive monthly reporting to the Board on operating and financial performance; and
- requiring regular reporting by management concerning the Company's systems to ensure compliance with environmental and occupational health and safety requirements.

8. Encouragement of enhanced performance

The Board is committed to encouraging good performance, and all directors have free access to the Company's operations and to its management. Directors are expected to contribute to the Company's operations on a continuing basis, and there is free communication between the directors and the Secretary at all times.

No performance evaluation of the Board has been undertaken during the year.

With the approval of the Board, any director may seek independent professional advice at the Company's expense in the furtherance of their duties.

9. Fair and responsible remuneration

The Board is committed to remunerating its management fairly and responsibly. Executive remuneration is primarily by way of salaries, which are determined by the Board by reference to the market place and by reference also to performance, having regard to the Company's overall achievement and to its financial resources. Executive salaries do not presently include incentive payments or contractual performance bonuses, although this policy is reviewed from time to time.

There are no retirement schemes in place for directors other than statutory contributions to superannuation.

10. Legitimate interests of stakeholders

The Company recognizes its legal and moral obligations to its employees, its customers and the community generally, and is committed to dealing properly and fairly with all of these stakeholders.

The Company takes pride in the quality and reputation of its products, and the standard of its services, and is committed to maintaining and improving them.

Income Statement

Year ended 30 June 2009

	Note	CONSOLIDATED 2009	CONSOLIDATED 2008	COMPANY 2009	COMPANY 2008
		$	$	**$**	$
Sales revenue (sale of goods)	3(a)	**14,882,848**	18,707,882	**14,814,442**	16,965,006
Cost of sales		**(10,546,589)**	(14,139,181)	**(10,517,606)**	(13,176,513)
Gross Profit		**4,336,259**	4,568,701	**4,296,836**	3,788,493
Other income	3(b),(c)	**91,397**	536,951	**96,397**	653,861
Distribution expenses		**(886,820)**	(1,463,752)	**(868,202)**	(1,393,153)
Selling expenses		**(1,831,553)**	(1,976,372)	**(1,831,553)**	(1,799,301)
Occupancy expenses		**(381,338)**	(345,865)	**(381,338)**	(345,865)
Administration expenses		**(1,116,558)**	(1,601,269)	**(1,096,816)**	(1,372,332)
Finance costs	3(d)	**(159,880)**	(186,403)	**(159,880)**	(186,403)
Profit/(Loss) Before Income Tax Expense		**51,507**	(468,009)	**55,444**	(654,700)
Income tax expense	5	**-**	(104,591)	**-**	-
Profit/(Loss) After Income Tax Expense		**51,507**	(572,600)	**55,444**	(654,700)
Net Profit/(Loss) Attributable to Minority Interests		**(1,476)**	(47,158)	**-**	-
Profit/(Loss) Attributable to Members of the Parent Entity	21	**52,983**	(619,758)	**55,444**	(654,700)
		Cents per share	Cents per share		
Basic earnings per share (cents per share)	23	**0.82**	(11.0)		

Notes to the financial statements are included on pages 16 to 45

Balance Sheet
As at 30 June 2009

	Note	CONSOLIDATED 2009	CONSOLIDATED 2008 $	COMPANY 2009	COMPANY 2008 $
Current Assets					
Cash and cash equivalents	27(a)	**198,854**	87,264	**75,248**	87,264
Trade and other receivables	6	**2,384,060**	2,520,116	**2,336,798**	2,520,116
Inventories	7	**3,015,001**	2,825,528	**2,660,515**	2,825,528
Other current assets	8	**155,610**	95,559	**155,610**	95,559
Total Current Assets		**5,753,525**	5,528,467	**5,228,171**	5,528,467
Non-Current Assets					
Financial Assets	9	-	-	**2,250,010**	2,000,000
Plant and equipment	10	**389,303**	589,646	**389,302**	589,646
Total Non-Current Assets		**389,303**	589,646	**2,639,312**	2,589,646
Total Assets		**6,142,828**	6,118,113	**7,867,483**	8,118,113
Current Liabilities					
Trade and other payables	11	**1,220,994**	1,720,414	**1,154,924**	1,720,414
Financial liabilities	12	**1,230,860**	1,055,092	**1,230,860**	1,055,092
Current tax liabilities	13	-	-	-	-
Provisions	14	**925,250**	901,149	**864,627**	901,149
Total Current Liabilities		**3,377,104**	3,676,655	**3,250,411**	3,676,655
Non-Current Liabilities					
Financial liabilities	15	**7,912**	62,102	**7,912**	62,102
Provisions	16	**38,007**	30,604	**35,418**	30,604
Other financial liabilities	17	-	-	**2,000,000**	2,000,000
Total Non-Current Liabilities		**45,919**	92,706	**2,043,330**	2,092,706
Total Liabilities		**3,423,023**	3,769,361	**5,293,741**	5,769,361
Net Assets		**2,719,805**	2,348,752	**2,573,742**	2,348,752
Equity					
Contributed equity	19	**6,064,546**	5,895,000	**6,064,546**	5,895,000
Reserves	20	-	-	-	-
Accumulated profits/(losses)	21	**(3,493,265)**	(3,546,248)	**(3,490,804)**	(3,546,248)
Parent entity interest		**2,571,281**	2,348,752	**2,573,742**	2,348,752
Minority interest	22	**148,524**	-	-	-
Total Equity		**2,719,805**	2,348,752	**2,573,742**	2,348,752

Notes to the financial statements are included on pages 16 to 45

Cash Flow Statement

For the Year ended 30 June 2009

	Note	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Cash flows from operating activities					
Receipts from customers		**15,053,863**	19,291,484	**15,037,256**	17,418,716
Payments to suppliers and employees		**(14,965,937)**	(18,957,427)	**(14,951,926)**	(17,373,538)
Interest received		**-**	13,342	**-**	-
Finance costs		**(159,880)**	(186,403)	**(159,880)**	(186,403)
Dividend received		**-**	-	**-**	146,454
Income tax paid		**-**	(2,994)	**-**	-
Net cash provided by/(used in) operating activities	27(e)	**(71,954)**	158,002	**(74,550)**	5,229
Cash flows from investing activities					
Proceeds from sale of Valve & Camlock Division		**-**	183,662	**-**	183,662
Payment for net business assets net of cash acquired	27(c)	**(279,000)**	-	**-**	-
Payment for investment		**-**		**(250,010)**	-
Payment for property, plant and equipment	10	**(39,302)**	(90,284)	**(39,302)**	(65,263)
Proceeds from sale of property, plant and equipment		**60,722**	6,773	**60,722**	6,773
Proceeds from sale of Subsidiary	27(d)	**-**	455,014	**-**	455,014
Net cash provided by/(used in) investing activities		**(257,580)**	555,165	**(228,590)**	580,186
Cash flows from financing activities					
Proceeds from issue of share capital		**319,546**	-	**169,546**	-
Dividend paid		**-**	(144,493)	**-**	-
Finance Lease Payments		**(66,699)**	(44,273)	**(66,699)**	(44,273)
Proceeds from borrowings - external		**107,813**	-	**107,813**	-
Proceeds from /(Repayment) of borrowing – related parties		**80,464**	(382)	**80,464**	(382)
Share buyback		**-**	(162,496)	**-**	-
Repayment of borrowings		**-**	(540,648)	**-**	(540,648)
Net cash provided by/(used in) financing activities		**441,124**	(892,292)	**291,124**	(585,303)
Net increase/(decrease) in cash held		**111,590**	(179,125)	**(12,016)**	112
Cash and cash equivalents at the beginning of the financial year		**87,264**	266,389	**87,264**	87,152
Cash and cash equivalents at the end of the financial year	27(a)	**198,854**	87,264	**75,248**	87,264

Notes to the financial statements are included on pages 16 to 45

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2008

CONSOLIDATED	Attributable to equity holders of the parent Contributed Equity	 Accumulated Losses	 Other reserves	 Total	Minority Interest	Total equity $
At 1 July 2007	**5,895,000**	**(2,488,740)**	**16,366**	**3,422,626**	**149,485**	**3,572,111**
Profit/(Loss) for the period	-	(619,758)	-	(619,758)	47,158	(572,600)
Sale of Stokes New Zealand	-	(437,750)	30,330	(407,420)	67,443	(339,977)
Foreign currency translation	-	-	(5,051)	(5,051)	1,258	(3,793)
Total recognised income /(expense) for the year	-	(1,057,508)	25,279	(1,032,229)	115,859	(916,370)
Share buy back by Subsidiary	-	-	(41,645)	(41,645)	(120,851)	(162,496)
Dividend paid by New Zealand	-	-	-	-	(144,493)	(144,493)
At 30 June 2008	**5,895,000**	**(3,546,248)**	**-**	**2,348,752**	**-**	**2,348,752**

YEAR ENDED 30 JUNE 2009

CONSOLIDATED	Attributable to equity holders of the parent Contributed Equity	 Accumulated Losses	 Other reserves	 Total	Minority Interest	Total equity $
At 1 July 2008	**5,895,000**	**(3,546,248)**	**-**	**2,348,752**	**-**	**2,348,752**
Profit/(Loss) for the period	-	52,983	-	52,983	(1,476)	51,507
Foreign currency translation	-	-	-	-	-	-
Total recognised income /(expense) for the year	-	52,983	-	52,983	(1,476)	51,507
Issue of New Shares	169,546	-	-	169,546	150,000	319,546
At 30 June 2009	**6,064,546**	**(3,493,265)**	**-**	**2,571,281**	**148,524**	**2,719,805**

Notes to the financial statements are included on pages 16 to 45

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2008

COMPANY	Attributable to equity holders of the parent: Contributed Equity	Accumulated losses	Other reserves	Total	Minority Interest	Total equity $
At 1 July 2007	5,895,000	(2,891,548)	-	3,003,452	-	3,003,452
Net Profit/(Loss) for the period	-	(654,700)	-	(654,700)	-	(654,700)
Total recognised income /(expense) for the year	-	(654,700)	-	(654,700)	-	(654,700)
At 30 June 2008	**5,895,000**	**(3,546,248)**	**-**	**2,348,752**	**-**	**2,348,752**

YEAR ENDED 30 JUNE 2009

COMPANY	Attributable to equity holders of the parent: Contributed Equity	Accumulated losses	Other reserves	Total	Minority Interest	Total equity $
At 1 July 2008	5,895,000	(3,546,248)	-	2,348,752	-	2,348,752
Net Profit/(Loss) for the period	-	55,444	-	55,444	-	55,444
Total recognised income /(expense) for the year	-	55,444	-	55,444	-	55,444
Issue of New Shares	169,546	-	-	169,546	-	169,546
At 30 June 2009	**6,064,546**	**(3,490,804)**	**-**	**2,573,742**	**-**	**2,573,742**

Notes to the financial statements are included on pages 16 to 45

Notes to the year end financial statements
30 June 2009

1 Corporate information

The financial report of Stokes (Australasia) Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 30 August 2009.

Stokes (Australasia) Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activities of the consolidated entity were the merchandising and distribution of appliance spare parts, badges and medallions, electrical switches and controls, and the manufacture of electric elements and metal components.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.
The financial report has also been prepared in accordance with the historical cost convention, except for plant and equipment which have been measured at recoverable amount. The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

(c) Going concern basis of accounting

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 going concern basis has been reviewed by the directors due to the group previously being in technical breach of its borrowing covenants by having shareholder funds below $2.5million and having negative earnings before interest, tax, depreciation and amortisation. The financier has not withdrawn facilities and the group continues to have support of its financiers. As at 30 June 2009, the group had excess funding of $223,665 available under its revolving loan facility. The group made an operating profit in 2009, although cash flow from operating activities was negative and the group's working capital ratio improved..

The forward budget and cash flow projections currently indicate that the group will continue to generate cash flow from operating activities and lower debt levels.

The $1,129,539 owing to the groups financier has been classified as a current liability as the loan facility expires in January 2010. As stated else where in this report the directors are confident an alternate finance will be arranged.

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.

Notes *(continued)*

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Stokes (Australasia) Limited and its subsidiaries, Stokes Investments Pty. Ltd and Edis Pty Ltd ('the Group') as at 30 June. Edis Pty Ltd was acquired in June 2009 and Stokes (New Zealand) Limited was sold on 26 March 2008.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date at which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Minority interests represent the portion of net profit/(loss) after tax and net assets in Edis Pty Ltd (2009) and Stokes (New Zealand) Limited (2008) not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

(f) Segment reporting

A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis or diminishing value over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 10 years
Leased assets – over 3 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment
The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Notes *(continued)*

(g) Property, plant and equipment (continued)

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(h) Finance costs

Finance costs are recognised as an expense when incurred.

(i) Investment

The investment in subsidiary is carried at cost.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – average purchase cost. The cost of purchase comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of raw materials.
Finished goods and work-in-progress – average cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off as incurred.

(l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes *(continued)*

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Refer to note 26 for related party disclosures.

(o) Provisions and employee leave benefits

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Leases

The determination of whether an arrangement contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(q) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Notes *(continued)*

(q) Revenue recognition (continued)

Interest revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the Group's right to receive the payment is established.

(r) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes *(continued)*

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

The company does not have any dilutive equity instruments.

(v) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Long service leave
As discussed in note 2(o), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 10.

Notes *(continued)*

(w) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory application dates for future reporting periods and which the group has decided not to early adopt. A discussion of those future requirements and their impact on the group is as follows:

Reference	Title	Summary	Application date of Standard	Impact on Group Financial Report	Application date for the Group
AASB 3 AASB 127 AASB 2008-3 AASB 2008-7	Business Combinations, Consolidated and Separate Financial Statements, Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB Standards 1,2,4,5,7,101,107,112,114,116,121,,128,131,132,133,134,136,137,138 and 139 and Interpretations 9 and 107] Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]	Amending Standards issued as a consequence of changes in accounting requirements	Reporting periods commencing from 1July 2009	These Standards are applicable prospectively and will only affect relevant transactions and consolidations occurring from the date of application. Changes to accounting requirements include: - acquisition costs incurred in a business combination will no longer be booked to goodwill but will be expensed unless the cost relates to issuing debt or equity securities. - Contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition; - A gain or loss of control will require the previous ownership interests to be remeasured to their fair value; - There shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will no represent a change to the group's policy); - Dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income; - Impairment of investments in subsidiaries, joint ventures and associated shall be considered when a dividend is paid by the respective investee; and	1 July 2009

				- Where there is in substance no change to group interest, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.	
AASB 8	Operating Segments and AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	Reporting periods commencing from 1 July 2009	This Standard replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the group's board for the purposed of decision making.	1 July 2009
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101	Amending standard issued as a consequence of revision to standard AASB 101: Presentation for Financial Statements	Reporting periods commencing 1 July 2009	The revised AASB 101 and amendments supersede the previous AASB 101 and redefine the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.	1 July 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123: Borrowing Costs	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]	Reporting periods commencing 1 July 2009	The revised AASB 123 has removed the option to expense all borrowing costs and will therefore the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the group as a policy of capitalising qualifying borrowing costs has been maintained by the group.	
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments	Amendment to ASSB 2 clarifies the elements of a share-based payment transaction	Reporting periods commencing 1 July 2009	This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.	1 July 2009

AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132and AASB 139 and Interpretation 2]	Reporting periods commencing 1 July 2009	This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.	1 July 2009

The group does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the group's financial statements.

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
3. INCOME AND EXPENSES				
(a) Sales revenue				
Sales revenue – sale of goods	**14,916,331**	18,723,940	**14,847,925**	16,981,064
Provision for Bad & Doubtful Debts	**(33,483)**	(16,058)	**(33,483)**	(16,058)
Total	**14,882,848**	18,707,882	**14,814,442**	16,965,006
(b) Other Revenue				
Interest revenue	**-**	13,342	**-**	-
Dividend income	**-**	-	**-**	435,801
Total other revenue	**-**	13,342	**-**	435,801
(c) Other Income				
Profit on sale of Stokes (New Zealand) Ltd	**-**	464,211	**-**	158,662
Management fees	**-**	-	**5,000**	-
Net foreign exchange gain/(loss)	**20,655**	(30,431)	**20,655**	(30,431)
Sundry income	**64,111**	83,056	**64,111**	83,056
Net gain on disposal of assets:				
-Non-current plant and machinery	**6,631**	6,773	**6,631**	6,773
Total other income	**91,397**	523,609	**96,397**	218,060
Total other revenue & income	**91,397**	536,951	**96,397**	653,861
(d) Expenses				
Finance Costs:				
Interest - other entities	**149,065**	173,268	**149,065**	173,268
Finance leases - Finance charges	**10,815**	13,135	**10,815**	13,135
	159,880	186,403	**159,880**	186,403
Depreciation and amortisation of non-current assets:				
Plant and equipment	**168,595**	205,069	**168,595**	190,161
Leased plant and equipment	**16,961**	28,049	**16,961**	28,049
	185,556	233,118	**185,556**	218,210

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
3. INCOME AND EXPENSES (continued)				
(d) Expenses (continued)				
Net bad and doubtful debts	**33,483**	16,058	**33,483**	16,058
Inventory -Write-downs and other losses	**225,279**	552,997	**225,279**	552,997
Operating lease rental expenses	**382,419**	255,886	**382,419**	255,886
(e) Employee Benefits				
Wages and salaries	**2,281,272**	2,912,611	**2,270,622**	2,641,982
Superannuation	**268,680**	383,666	**268,680**	383,666

4. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

G. B. Elkington	Director (non-executive) and Company Secretary
R. J. Drury	Chief Executive Officer (Appointed on 1 July 2009)
W. R. Stokes	Director (non-executive)
J. M. Hackett	Director and General Manager (Resigned on 23 August 2008)
I. Alexander	Director (non-executive)
D. Welsh	Director (non-executive)
D. Tweed	Director (non-executive) (Resigned on 25 May 2009)
M.Cox	Director (non-executive) (Appointed on 27 June 2009)

(b) Remuneration by Category: Key Management Personnel

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$	$	$	$
Short-term employee benefits	9,271	150,203	9,271	150,203
Long-term employee benefits	22,766	2,219	22,766	2,219
Post-employment Employee benefits	21,809	14,918	21,809	14,918
Total	53,846	167,340	53,846	167,340

Stokes (Australasia) Limited has applied the option under *Corporations Amendments Regulation 2006* to transfer key management personnel remuneration disclosures required by AASB 124 *Related Party Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

Notes *(continued)*

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Key Management Personnel Equity Holdings

As at 30 June 2009, the key management personnel had relevant interests in the following number of ordinary shares in Stokes (Australasia) Limited:

NAME	DIRECTLY OWNED	OTHER	TOTAL
William R. Stokes	743,944	332,650	1,076,594
Gordon B. Elkington	108,122	-	108,122
David Welsh	401,676	80,000	481,676
David Tweed	100	1,424,089	1,424,089
Ian Alexander	664,002	-	664,002
Michael Cox	-	847,728	847,728

During the financial year no ordinary shares were redeemed, exercised or bought back from key management personnel. The parent entity has issued 847,728 new shares to interests associated with the director M. Cox for a total consideration of $169,546.

(d) Transactions with Key Management Personnel

During the year there were no transactions with any management personnel.

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
5. INCOME TAX				
(a) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2008:30%)				
Accounting profit/(loss) before income tax	**51,507**	(468,009)	**55,444**	(654,700)
Income tax expense/(benefit) calculated at 30%	**15,452**	(140,403)	**16,633**	(196,410)
Temporary differences and tax losses not brought to account as future income tax benefits (Note 5(b))	**(15,452)**	35,812	**(16,633)**	196,410
	-	**104,591**	**-**	-
(b) The following deferred tax assets have not been recognised as recovery is not considered probable:				
Attributable to temporary differences	**307,460**	502,347	**288,497**	502,347
Attributable to tax losses	**1,925,705**	1,941,157	**1,924,524**	1,941,157
	2,233,165	2,443,504	**2,213,021**	2,443,504
(d) The major components of income tax expense are:				
Current income tax expense	**-**	104,591	**-**	-
Temporary differences	**-**	-	**-**	-
Income tax expenses reported in the income statement	**-**	104,591	**-**	-

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009 $**	**2008 $**
6. CURRENT TRADE AND OTHER RECEIVABLES				
Trade debtors	**2,445,672**	2,583,204	**2,398,410**	2,583,204
Less: Provision for doubtful debts	**(33,097)**	(4,045)	**(33,097)**	(4,045)
Less: Allowance for credit claims	**(28,515)**	(59,043)	**(28,515)**	(59,043)
	2,384,060	2,520,116	**2,336,798**	2,520,116
7. CURRENT INVENTORIES				
Net Realisable value				
Raw materials	**665,082**	763,932	**665,082**	763,932
Work in progress	**268,499**	330,258	**268,499**	330,258
Finished goods	**2,081,420**	1,731,338	**1,726,934**	1,731,338
At lower of cost and net realisable value	**3,015,001**	2,825,528	**2,660,515**	2,825,528
8. OTHER				
Prepayments	**155,610**	95,559	**155,610**	95,559
9. OTHER NON-CURRENT – INVESTMENT IN SUBSIDIARIES				
-At cost				
Shares in controlled entities (Note 25)	-	-	**2,250,010**	2,000,000

Notes *(continued)*

10. PROPERTY, PLANT & EQUIPMENT

(a) Reconciliation of carrying amounts at the beginning and end of the period

	CONSOLIDATED		
	Plant and Equipment	Leased	TOTAL $
Year ended 30 June 2009			
Cost as at 1 July 2008	4,875,649	148,367	5,024,016
Additions	39,303	-	39,303
Disposals	(194,583)	(58,558)	(253,141)
Balance as at 30 June 2009	4,720,369	89,809	4,810,178
Accumulated Depreciation			
Balance as at 1 July 2008	(4,397,102)	(37,268)	(4,434,370)
Depreciation expense	(168,595)	(16,961)	(185,556)
Disposals	186,363	12,688	199,051
Balance as at 30 June 2009	(4,379,334)	(41,541)	(4,420,875)
Net carrying value as at 30 June 2009	341,034	48,269	389,303

	CONSOLIDATED		
	Plant and Equipment	Leased	TOTAL $
Year ended 30 June 2008			
Cost as at 1 July 2007	5,148,789	182,367	5,331,156
Less sale of Stokes (New Zealand) Ltd	(382,424)	-	(382,424)
Additions	90,284	-	90,284
Disposals	(15,000)	-	(15,000)
Transfer	34,000	(34,000)	-
Balance as at 30 June 2008	4,875,649	148,367	5,024,016
Accumulated Depreciation			
Balance as at 1 July 2007	(4,502,506)	(32,172)	(4,534,678)
Less sale of Stokes (New Zealand) Ltd	318,426	-	318,426
Depreciation expense	(205,069)	(28,049)	(233,118)
Disposals	15,000	-	15,000
Transfer	(22,953)	22,953	-
Balance as at 30 June 2008	(4,397,102)	(37,268)	(4,434,370)
Net carrying value as at 30 June 2008	478,547	111,099	589,646

Notes *(continued)*

10. PROPERTY, PLANT & EQUIPMENT (continued)

(a) Reconciliation of carrying amounts at the beginning and end of the period

	COMPANY		
	Plant and Equipment	Leased	TOTAL $
Year ended 30 June 2009			
Cost as at 1 July 2008	4,875,649	148,367	5,024,016
Additions	39,302	-	39,302
Disposals	(194,583)	(58,558)	(253,141)
Balance as at 30 June 2009	4,720,368	89,809	4,810,177
Accumulated Depreciation			
Balance at 1 July 2008	(4,397,102)	(37,268)	(4,434,370)
Depreciation expense	(168,595)	(16,961)	(185,556)
Disposals	186,363	12,688	199,051
Balance as at 30 June 2009	(4,379,334)	(41,541)	(4,420,875)
Net carrying value as at 30 June 2009	341,034	48,268	389,302

	COMPANY		
	Plant and Equipment	Leased	TOTAL $
Year ended 30 June 2008			
Cost as at 1 July 2007	4,791,386	182,367	4,973,753
Additions	65,263	-	65,263
Disposals	(15,000)	-	(15,000)
Transfers	34,000	(34,000)	-
Balance as at 30 June 2008	4,875,649	148,367	5,024,016
Accumulated Depreciation			
Balance at 1 July 2007	(4,198,988)	(32,172)	(4,231,160)
Depreciation expense	(190,161)	(28,049)	(218,210)
Disposals	15,000	-	15,000
Transfers	(22,953)	22,953	-
Balance as at 30 June 2008	(4,397,102)	(37,268)	(4,434,370)
Net carrying value as at 30 June 2008	478,547	111,099	589,646

Notes *(continued)*

10. PROPERTY, PLANT & EQUIPMENT (Continued)

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 3 to the financial statements.

Assumptions made in respect to recoverable amount

The recoverable amount is the higher of an assets fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
11. CURRENT TRADE AND OTHER PAYABLES				
Trade payables	**886,292**	1,173,239	**886,292**	1,173,239
Accruals	**272,531**	480,904	**212,685**	480,904
Goods and services tax (GST)	**62,171**	66,271	**55,947**	66,271
	1,220,994	1,720,414	**1,154,924**	1,720,414

(a) Trade payables:
Trade payables are non-interest bearing and are normally settled on 60-day terms

12. CURRENT INTEREST-BEARING LOANS AND BORROWINGS				
Secured:				
Finance lease liability (ii) – (Note 18)	**20,857**	33,366	**20,857**	33,366
Bank and other loans (i) - (Note 27 (b))	**1,129,539**	1,021,726	**1,129,539**	1,021,726
Unsecured:				
Other loans (iii)	**80,464**	-	**80,464**	-
	1,230,860	1,055,092	**1,230,860**	1,055,092

(i) *Secured by a fixed and floating charge over the consolidated entity's assets.*
(ii) *Effectively secured by the assets leased.*
(iii) *This is a loan from a Director related company. This is non-interest bearing loan, which is subject to shareholders approval to be converted to ordinary shares.*

13. CURRENT TAX LIABILITIES				
Income tax payable	-	-	-	-
14. CURRENT PROVISIONS				
Employee benefits	**925,250**	901,149	**864,627**	901,149

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
15. NON-CURRENT INTEREST-BEARING LOANS AND BORROWINGS				
Secured:				
Finance lease liability – (Note 18) (i)	**7,912**	62,102	**7,912**	62,102
Bank and other loans (ii) (Note 27 (b))	**-**	-	**-**	-
	7,912	62,102	**7,912**	62,102
(i) Effectively secured by the assets leased.				
(ii) Secured by a fixed and floating charge over the consolidated entity's assets				
Unsecured:				
Loan from controlled entity (Note 26(b))	**-**	-	**-**	-
	7,912	62,102	**7,912**	62,102
16. NON-CURRENT PROVISIONS				
Employee benefits	**38,007**	30,604	**35,418**	30,604
17. OTHER NON-CURRENT FINANCIAL LIABILITIES				
Unsecured:				
Loan from wholly-owned entity (Note 28(c))	**-**	-	**2,000,000**	2,000,000
	-	-	**2,000,000**	2,000,000
18. FINANCE LEASE LIABILITIES				
Finance lease commitments:				
Not later than one year	**23,782**	43,884	**23,782**	43,884
Later than one year and not later than two years	**8,655**	39,753	**8,655**	39,753
Later than two years and not later than five years	**-**	32,598	**-**	32,598
Minimum finance lease payments	**32,437**	116,235	**32,437**	116,235
Deduct: Future finance charges	**(3,668)**	(20,767)	**(3,668)**	(20,767)
Finance lease liabilities	**28,769**	95,468	**28,769**	95,468
Included in the financial statements as:				
Interest-Bearing Loan and Borrowings				
Current (Note 12)	**20,857**	33,366	**20,857**	33,366
Non-current (Note 15)	**7,912**	62,102	**7,912**	62,102
	28,769	95,468	**28,769**	95,468

The finance leases for plant and equipment and motor vehicles have terms of between three and five years and do not include renewal options although new leases may be executed for those items previously leased.

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009 $**	2008 $
19. CONTRIBUTED EQUITY				
6,498,978 ordinary shares (2008: 5,651,250)	**6,064,546**	5,895,000	**6,064,546**	5,895,000

Fully Paid Ordinary Shares
Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

20. RESERVES

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Reserves comprise:				
Foreign currency translation reserve (ii)	-	-	-	-
Share buy back reserve	-	-	-	-
	-	-	-	-
(i) *Foreign Currency Translation reserve*				
Balance at beginning of financial Year	-	64,507	-	-
Translation of foreign operation	-	(5,051)	-	-
Transfer on sale of subsidiary	-	(59,456)	-	-
Balance at end of financial year	-	-	-	-
(ii) *Share Buy back Reserve*				
Balance at beginning of financial Year	-	(48,141)	-	-
Buyback	-	(41,645)	-	-
Transfer on sale of subsidiary	-	89,786	-	-
Balance at end of financial year	-	-	-	-

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

21. ACCUMULATED PROFITS/(LOSSES)

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Balance at beginning of year	**(3,546,248)**	(2,488,740)	**(3,546,248)**	(2,891,548)
Sale of Stokes (New Zealand) Ltd	-	(437,750)	-	-
Net Profit/(Loss)	**52,983**	(619,758)	**55,444**	(654,700)
Balance at end of year	**(3,493,265)**	(3,546,248)	**(3,490,804)**	(3,546,248)

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
22. MINORITY INTERESTS				
Minority interests in controlled entity comprise:				
Issued capital	**150,000**	-	-	-
Reserves	**-**	-	-	-
Accumulated Profits/(lLosses)	**(1,476)**	-	-	-
	148,524	-	-	-

23. EARNINGS PER SHARE	**2009**	2008
	Cents	Cents
Basic earnings per share (cents per share)	**0.82**	(11.0)
Diluted earnings per share (cents per share)	**0.82**	(11.0)
Earnings used in the calculation of basic earnings per share Profit /(Loss)	**52,983**	(619,758)

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**6,498,978**	5,651,520	**6,498,978**	5,651,520

Diluted earnings per share is not applicable because the Company has no potentially dilutive ordinary shares outstanding.

Notes *(continued)*

	CONSOLIDATED		COMPANY	
	2009 **$**	2008 $	**2009** **$**	2008 $
24. COMMITMENTS FOR EXPENDITURE				
Operating lease commitments:				
Non-cancellable operating leases				
Property: (i)				
Not later than one year	**376,795**	382,205	**376,795**	382,205
Later than one year but not later than two years	**362,915**	376,795	**362,915**	376,795
Later than two years but not later than five years	**769,960**	362,915	**769,960**	362,915
	1,509,670	1,121,915	**1,509,670**	1,121,915
Plant and equipment: (ii)				
Not later than one year	**35,973**	35,973	**35,973**	35,973
Later than one year but not later than two years	**35,973**	35,973	**35,973**	35,973
Later than two years but not later than five years	**38,891**	35,973	**38,891**	35,973
	110,837	107,919	**110,837**	107,919
	1,620,507	1,229,834	**1,620,507**	1,229,834

Leasing Arrangements

(i) The consolidated entity leases a number of premises throughout Australia. The initial rental period of each lease agreement varies between two and five years with renewal options ranging from none to five years. The majority of lease agreements are subject to rental adjustments, some annually or bi-annually, in line with market rates, Consumer Price Index or fixed increases.

(ii) Relates to photocopier & printers, is for a fixed period, at a fixed rate with no renewal options.

Notes *(continued)*

25. CONTROLLED ENTITIES

Name of Company	Country of Incorporation	Investment		Ownership %	
		2009	2008	**2009**	2008
Parent Entity - Stokes (Australasia) Limited	Australia (Vic.)				
Controlled Entities –					
Stokes Investments (1) Pty. Limited	Australia (Vic.)	**2,000,000**	2,000,000	**100**	100
Edis Pty Limited (2)	Australia (NSW.)	**250,010**	-	**62.5**	-

(1) This controlled entity was dormant during the financial year.
(2) This controlled entity carries out business in Australia and was acquired in June 2009.

26. OTHER RELATED PARTY INFORMATION

(a) Ownership interests in related parties

The parent entity's interest in controlled entities is shown in Note 25.

(b) Transactions with controlled entities

(i) The amount payable to Stokes Investments Pty Ltd is disclosed in Note 17. The loan is unsecured and interest free.
(ii) A management fee of $5,000 was payable to the parent entity by Edis Pty Limited.

(c) Stokes (Australasia) Limited is the ultimate parent entity in the consolidated entity.

Notes (*continued*)

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
27. CASH FLOW STATEMENT				
(a) Reconciliation of Cash and cash equivalents				
Cash and cash equivalents at the end of the financial year as shown in the cash flow statement are reconciled to the related items in the Balance Sheet as follows:				
Cash on hand	**198,854**	87,264	**75,248**	87,264
(b) Financing Facilities (i) (iii)				
Available at the end of the financial year				
Bank and other loans (ii)	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Overdraft	**-**	-	**-**	-
	4,000,000	4,000,000	**4,000,000**	4,000,000
Facilities in use at the end of the financial year (i)				
Bank and other loans	**1,129,539**	1,021,726	**1,229,085**	1,021,726
Overdraft	**-**	-	**-**	-
	1,129,539	1,021,726	**1,229,085**	1,021,726

(i) At the date of this report, the financier continues to provide financing facilities.

(ii) While there is a facility in place for $4,000,000, there are certain conditions outlined in the Facility Agreement which limit the use of this facility. The amount which is able to be used for the facility in general terms is 85% of Accounts Receivable, less ineligibles such as Debtors 90 days & over.

(iii) Facilities are all secured and subject to periodic review (note 12).

(c) Acquisition of Subsidiary

During the year ended 30 June 2009 the group acquired 62.5% of the issued share capital of Edis Pty Ltd. The fair value of assets and liabilities assumed were as follows:

	$
Merchandised inventory	1,957,032
Less provision for obsolete stock	1,586,821
Net inventory	370,211
Cash on hand	1,000
Intellectual property	1
Property, plant & equipment	1
Trade creditors	(28,000)
Staff leave entitlements	(63,213)
Acquisition price	280,000
Less cash on hand	(1,000)
Acquisition price net of cash	279,000

Notes *(continued)*

27. CASH FLOW STATEMENT (continued)

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
(d) Disposal of Stokes (New Zealand) Limited During the year ended 30 June 2008 a controlled entity, Stokes (New Zealand) Ltd was sold. Aggregate details of the transactions are:				
Disposal price	-	640,014	-	640,014
Cash consideration	-	455,014		455,014
Assets and liabilities held at disposal date				
Investment in controlled entity	-	-	-	481,352
Receivables	-	205,426	-	-
Inventories	-	303,618	-	-
Other assets	-	78,122	-	-
Plant and equipment	-	63,997	-	-
Payable	-	(168,992)	-	-
Tax liabilities	-	(101,958)	-	-
Provisions	-	(27,562)	-	-
Minority equity interest	-	(176,848)	-	-
	-	175,803	-	481,352
Net gain on disposal		464,211	-	158,662
Disposal price	-	640,014	-	640,014
(e) Reconciliation of net cash provided by operating activities to net profit/(loss) after income tax.				
Net profit/(loss) after income tax	**51,507**	(572,600)	**55,444**	(654,700)
Profit on disposal of non-current assets	**(6,631)**	(6,773)	**(6,631)**	(6,773)
Depreciation and amortisation of non-current assets	**185,556**	233,118	**185,556**	218,210
Inventory Provisions	**225,279**	257,340	**225,279**	257,340
Net gain on disposal of controlled entity	-	(464,211)	-	(158,662)
Net dividend utilised to purchase investments	-	-	-	(289,347)
Net gain on sale of Valve & Camlocks division	-	(183,662)	-	(183,662)
Change in net assets and liabilities (Increase)/decrease in assets: (Net of the affects of the disposal of subsidiary)				
Current receivables	**136,056**	500,456	**188,318**	434,386
Current inventories	**(44,541)**	630,014	**(60,729)**	585,639
Other current assets	**(60,052)**	(98,561)	**(65,052)**	17,082
Increase/(decrease) in liabilities:				
Current trade payables	**(527,420)**	(198,811)	**(565,027)**	(186,524)
Current tax liability	-	101,597	-	-
Provisions	**(31,708)**	(39,905)	**(31,708)**	(27,760)
Net cash provided by/(used in) operating activities	**(71,954)**	158,002	**(74,550)**	5,229

Notes *(continued)*

28. FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, finance leases and cash.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

(c) Financial risk management objectives and policies (continued)

It is the policy of the consolidated entity to regularly review foreign currency exposures.

The degree to which the foreign exchange risk is managed will vary depending on circumstances that prevail at the time the risk is known or anticipated.

There are no foreign currency contracts outstanding at the reporting date (2008: Nil).

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity does not have any significant concentrations of credit risk that arise from exposures to a single debtor or to a group of debtors having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.
The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Sensitivity Analysis

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates that there is not likely to be a material impact on the current or future year results and equity which could result from a change in these risks.

Notes *(continued)*

28. FINANCIAL INSTRUMENTS (continued)

(c) Interest Rate Risk

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2009:

	CONSOLIDATED					
	Weighted average interest rate	Variable interest rate	Fixed Interest Rate Maturity		Non-interest bearing	Total
			Less than 1 year	2 to 5 years		
	%					$
Year ended 30 June 2009						
Financial Assets						
Cash and cash equivalents	1.52	192,434	-	-	6,420	198,854
Current receivables		-	-	-	2,445,672	2,445,672
		192,434	-	-	2,452,092	2,644,526
Financial Liabilities						
Trade and other payables		-	-	-	886,292	886,292
Accruals		-	-	-	272,531	272,531
Bank and other loans	9.5	1,210,003	-	-	-	1,210,003
Finance lease liability	7.3	-	20,857	7,912	-	28,769
		1,210,003	20,857	7,912	1,158,823	2,397,595
Net		(1,017,569)	(20,857)	(7,912)	1,293,269	246,931
Year ended 30 June 2008						
Financial Assets						
Cash and cash equivalents	3.75	84,644	-	-	2,620	87,264
Current receivables		-	-	-	2,524,161	2,524,161
		84,644	-	-	2,526,781	2,611,425
Financial Liabilities						
Trade and other payables		-	-	-	1,239,510	1,239,510
Accruals		-	-	-	480,904	480,904
Bank loans	9.5	1,021,726	-	-	-	1,021,726
Finance lease liability	7.3	-	33,366	62,102	-	95,468
		1,021,726	33,366	62,102	1,720,414	2,837,608
Net		(934,462)	(33,366)	(62,102)	803,747	(226,183)

Notes *(continued)*

28. FINANCIAL INSTRUMENTS (continued)

(c) Interest Rate Risk

The following table details the parent entity's exposure to interest rate risk as at 30 June 2009:

	COMPANY					
	Weighted average interest rate	Variable interest rate	Fixed Interest Rate Maturity		Non-interest bearing	Total
			Less than 1 year	2 to 5 years		
	%					$
Year ended 30 June 2009						
Financial Assets						
Cash and cash equivalents	1.52	68,828	-	-	6,420	75,248
Current receivables		-	-	-	2,398,410	2,398,410
		68,828	-	-	2,404,830	2,473,658
Financial Liabilities						
Trade and other payables		-	-	-	886,292	886,292
Accruals		-	-	-	212,685	212,685
Bank loans & Borrowings	8.7	1,210,003	-	-	-	1,210,003
Finance lease liability	7.3	-	20,857	7,912	-	28,769
		1,210,003	20,857	7,912	1,098,977	2,337,749
Net		(1,141,175)	(20,857)	(7,912)	1,305,853	135,909
Year ended 30 June 2008						
Financial Assets						
Cash and cash equivalents	3.75	84,644	-	-	2,620	87,264
Current receivables		-	-	-	2,524,161	2,524,161
		84,644	-	-	2,526,781	2,611,425
Financial Liabilities						
Trade and other payables		-	-	-	1,173,239	1,173,239
Accruals		-	-	-	480,904	480,904
Bank loans & Borrowings	9.50	1,021,726		-	-	1,021,726
Finance lease liability	7.30	-	33,366	62,102	-	95,468
		1,021,726	33,366	62,102	1,654,143	2,771,337
Net		(934,462)	(33,366)	(62,102)	870,018	(159,912)

Notes *(continued)*

28. FINANCIAL INSTRUMENTS (continued)

(d) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

29. REMUNERATION OF AUDITORS

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
(a) Auditors of the Parent Entity and Group entities				
Amounts received or due and receivable by UHY Haines Norton for:				
Audit or review of the financial report of the entity	56,000	50,000	52,000	50,000
Tax compliance & other services	18,250	8,000	15,250	8,000
	74,250	58,000	67,250	58,000
(b) *Amounts received or due and receivable by Ernst & Young for:*				
Audit of the financial report	-	-	-	-
Tax compliance and other services	-	9,300	-	9,300
	-	9,300	-	9,300
	74,250	67,300	67,250	67,300

30. CONTINGENT ASSETS AND LIABILITIES

The former General Manager of Edis Service Logistics Pty Ltd (in Liquidation) has filed a claim for employee entitlements against Edis Pty Ltd, a subsidiary of the group. The subsidiary company has denied liability for claims made by the former General Manager and will continue to defend all claims in respect to this matter.

31. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after balance date other than:

(a) The company acquired the interest of one of the minority shareholders in its subsidiary company, Edis Pty Ltd. As a result of this acquisition the company now holds a 87.5% interest in the subsidiary company.

(b) On 6 August 2009, the company made an offer of shares under a share purchase plan to persons holding shares on 28 June 2009, to subscribe for further shares at $0.195 each up to a maximum value of $10,000 with the proceeds to provide additional working capital.

Notes *(continued)*

32. SEGMENT INFORMATION

(a) SEGMENT REVENUES

For management purposes, the consolidated entity is organised into two geographical segments. These segments are the basis on which the consolidated entity reports its Australia and New Zealand results. The New Zealand subsidiary was sold during the year ended 30 June 2008.

Australia - Goods manufactured and bought in for resale in Australia.

New Zealand - Goods manufactured and bought in for resale in New Zealand.

	External Sales	
	2009 $	2008 $
Australia	**14,882,848**	16,965,006
New Zealand	**-**	1,742,876
Inter-segment revenues Interest	**-**	13,342
	14,882,848	18,721,224
Eliminations	**-**	-
Consolidated sales revenue	**14,882,848**	18,721,224

(b) SEGMENT RESULTS

	2009 $	2008 $
Australia	**51,507**	**(654,700)**
New Zealand	**-**	**212,352**
Total of all segments	**51,507**	**(442,348)**
Eliminations	**-**	**(130,252)**
Profit/(Loss) before income tax expense	**51,507**	**(572,600)**
Income tax expense	**-**	**-**
Net Profit/(Loss)	**51,507**	**(572,600)**

Notes *(continued)*

32. SEGMENT INFORMATION (continued)

(c) SEGMENT ASSETS AND LIABILITIES

	Assets		Liabilities	
	2009 $	2008 $	**2009 $**	2008 $
Australia	**8,397,838**	8,118,113	**5,428,023**	5,769,361
New Zealand	**-**	-	**-**	-
	8,397,838	8,118,113	**5,428,023**	5,769,361
Eliminations	**(2,255,010)**	(2,000,000)	**(2,005,000)**	(2,000,000)
Consolidated	**6,142,828**	6,118,113	**3,423,023**	3,769,361

(d) OTHER SEGMENT INFORMATION

	Australia		New Zealand	
	2009 $	2008 $	**2009 $**	2008 $
Acquisition of segment assets	**39,303**	65,263	**-**	25,021
Depreciation and amortisation of segment assets	**(185,556)**	(218,210)	**-**	(14,908)

FORMAL DECLARATIONS

DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2009

In accordance with a resolution of the directors of Stokes (Australasia) Limited, we state that:

(1) In the opinion of the directors:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and the consolidated entity are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2009.

On behalf of the Board

Ian P. Alexander | Gordon Elkington | William Stokes

....	....	....
Ian Alexander	Gordon B. Elkington	William Stokes
Chairman	Director/Secretary	Director

Dated at Ringwood Victoria on 30 August 2009

UHY Haines Norton
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STOKES (AUSTRALASIA) LIMITED

Report on the financial report

We have audited the accompanying financial report of Stokes (Australasia) Limited and the consolidated entity, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company has disclosed information as required by paragraphs Aus 25.4 to 25.7.2 of Accounting Standard 124 Related Party Disclosures, ("remuneration disclosures") under the heading "Remuneration Report" on page 6 of the directors' report, as permitted by Corporations Regulations 2M 6.04.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Chartered Accountants:
Harold Lourie
Richard J Lindner
Rodney H Hutton
Adam G Roberts
Joella F Gould

ABN 48 259 373 375

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the Directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of those services has not impaired our independence.

Auditor's opinion

In our opinion:

a. the financial report of Stokes (Australasia) Limited and the consolidated entity is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

c. The remuneration disclosures that are contained on page 6 of the directors' report comply with Accounting Standard AASB 124, Related Party Disclosures.

Material Uncertainties Regarding Continuation as a Going Concern

Without qualification to the Opinion expressed above, attention is drawn to the following matter. As a result of matters discussed in Note 1 (c) "Going Concern", Stokes (Australasia) Limited has not secured alternative financing facilities for the current financing arrangements which expire on 31 January 2010. This may impact the entity's ability to continue as a going concern and therefore whether the entity will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts to the amount or classification of liabilities that might be necessary should Stokes (Australasia) Limited not continue as a going concern.

UHY Haines Norton

UHY Haines Norton
Chartered Accountants

R.H. Hutton
Partner

Melbourne

Dated this 31st day of August, 2009.

UHY Haines Norton
Chartered Accountants

Auditor's Independence Declaration

To the Board of Directors of Stokes (Australasia) Limited

As engagement partner for the audit of Stokes (Australasia) Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(i) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

UHY Haines Norton

UHY Haines Norton
Chartered Accountants

R.H. Hutton
Partner

Melbourne

Dated this 30th day of August 2009.

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Comparative results for the years 2000 – 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	$	$	$	$	$	$	$	$	$	$
Revenue	38,042,000	34,681,000	33,604,000	33,195,000	28,783,000	22,447,000	21,123,000	19,997,790	16,965,006	14,882,848
Profit/(loss) before tax	(515,000)	(642,000)	(146,000)	(1,208,000)	456,000	(348,326)	584,897	(30,029)	(654,000)	51,507
Income tax	12,000	37,000	65,000	111,000	133,000	123,989	99,491	126,369	0	0
Profit/(loss) after tax	(527,000)	(679,000)	(211,000)	(1,319,000)	323,000	(472,315)	485,406	(156,398)	(654,700)	51,507
Current assets	13,500,000	11,811,000	11,351,000	13,316,000	11,081,000	9,100,587	8,249,182	7,568,180	5,528,467	5,753,525
Non-current assets	6,889,000	6,445,000	5,687,000	2,025,000	1,687,000	1,097,851	932,874	796,477	589,646	389,303
Total assets	20,389,000	18,256,000	17,038,000	15,341,000	12,768,000	10,198,438	9,182,056	8,364,657	6,118,113	6,142,828
Current liabilities	8,296,000	11,792,000	10,961,000	10,683,000	4,725,000	3,730,798	3,062,866	3,070,698	3,676,655	3,377,104
Non-current liabilities	6,251,000	1,231,000	1,035,000	919,000	3,968,000	3,025,327	2,331,069	1,721,848	92,706	45,919
Total liabilities	14,547,000	13,023,000	11,996,000	11,602,000	8,693,000	6,756,125	5,393,935	4,792,546	3,769,361	3,423,023
Total nett assets	5,842,000	5,233,000	5,042,000	3,739,000	4,075,000	3,442,313	3,788,121	3,572,111	2,348,752	2,719,805
Issued capital	5,895,000	5,895,00	5,895,000	5,895,000	5,895,000	5,895,000	5,895,000	5,895,000	5,895,000	6,064,546
Retained profits/(losses)	(112,000)	(794,000)	(1,028,000)	(2,403,000)	(2,125,000)	(2,671,315)	(2,314,879)	(2,472,374)	(3,546,248)	(3,493,265)
Outside equity interests	59,000	132,000	175,000	247,000	305,000	218,128	208,000	149,485	0	148,524
Total equity	5,842,000	5,233,000	5,042,000	3,739,000	4,075,000	3,442,313	3,788,121	3,572,111	2,348,752	2,719,805
Total equity: kg gold	378	306	278	224	221	187	140	145	75	69
Number of Shares	5,651,250	5,651,250	5,651,250	5,651,250	5,651,250	5,651,250	5,651,250	5,651,250	5,651,250	6,498,978
Dividend: cents per share	0	0	0	0	0	0	0	0	0	0
Nett assets: cents per share	103	93	89	66	72	61	67	63	42	42
Number of employees	231	222	198	182	178	136	121	118	97	97

Shareholder Analysis and Other Stock Exchange Requirements

Statement of security holders as at 31 July 2009

(a) Distribution of shareholders by sizes of holdings

1 - 1,000	181
1,001 - 5,000	57
5,001 - 10,000	14
10,001 - 100,000	29
100,001 and over	11
Total	292
Holding less than a marketable parcel	221

Voting rights - Ordinary shares

Each ordinary share carries one vote.

(b) Twenty Largest Shareholders

Shareholder	Number	Percentage
Accounting P.C Training	847,728	13.04
William R. Stokes	743,944	11.44
National Exchange Pty Ltd Superfund Account	683,322	10.51
National Exchange Pty Ltd	652,315	10.03
Ian P. Alexander	553,632	8.51
David G.M. Welsh	401,676	6.18
Jaws Pty Ltd	332,650	5.11
Milly Elkington	303,443	4.66
Joanna M. Eccleston	278,463	4.28
Isabella F. Green	250,786	3.85
Ian P. Alexander	110,640	1.70
Gordon B. Elkington	108,122	1.66
Ricwin Investments Pty Ltd	100,000	1.53
Winpar Holdings Ltd	93,270	1.43
DMW Pty Ltd.	80,000	1.23
HSBC Custody Nominees (Australia) Ltd	64,000	0.98
Cheveley Pty	50,000	0.76
Peter Martin	46,603	0.71
Honan Business Services Pty Ltd (Honan Superfund Account)	40,500	0.62
Mr. Lawrence Mottin	40,325	0.62
	5,781,419	88.96

(c) Substantial shareholders as per substantial shareholder advices held at 31 August 2009

Name	**Number of Ordinary Shares to which Person Entitled**
National Exchange Pty Ltd	1,424,089
William Stokes	1,084,694
Accounting P.C Training	847,728
Ian P. Alexander	664,002
David G. M. Welsh	481,676
Milly Elkington	303,443