



## Schaffer Corporation Earnings Update – Final dividend maintained at \$0.20

Schaffer Corporation Limited (ASX: SFC) today announced that as foreshadowed in the half year earnings release in February, second half earnings for the current financial year are expected to be materially lower than the corresponding period last year. As a result group earnings (net profit after tax) for the current financial year are expected to be approximately \$4.5m compared to the prior year result of \$10.5m.

SFC's Board intends to maintain a final dividend of \$0.20 per share (fully franked), which will be payable in September 2010.

### Automotive Leather

With weak global demand, sales volumes for Automotive Leather will be approximately 5% lower in the current year. The revenue impact is being amplified by the strong Australian dollar. The average AUS/USD and AUD/EUR exchange rates for the current year are approximately 18% higher than the average of the previous year. With in excess of 95% of its revenue denominated in foreign currencies, the division's earnings remain sensitive to exchange rate movements. Consequently, Automotive Leather earnings will be materially lower than last year.

### Building Materials

Earnings for the financial year will also be lower for Building Materials.

Activity levels at Delta Corporation (pre-cast and pre-stressed concrete products) have fallen from last year's record production levels following the completion of several major construction/resource-related projects. Contrastingly, earnings from the Building Products group (paving and walling products) have rebounded strongly this year and will partially offset the decline in earnings from Delta.

Building Products' order book is strong and well above average levels. Delta has recently been awarded a substantial contract for the supply of pre-cast panels for the Fiona Stanley Hospital in Perth in addition to a number of small contracts, including precast concrete products for the Gorgon LNG project in Western Australia.

Early in the 2011 financial year, Building Products will open a new Urbanstone Central retail outlet in Perth's northern suburbs. The division has also commenced commissioning a new concrete masonry plant incorporated within its Jandakot manufacturing facility. That plant will commence producing a range of walling, paving and garden accessories during the 2011 financial year.

### Property

Net rental income for the Property division will be slightly lower than last year as a result of increased vacancy rates and the requirement for additional incentives to attract or retain anchor tenants. SFC has entered into an agreement to sell its equity interest in the Joondalup House (Western Australia) commercial property syndicate. Upon settlement (scheduled for June 2010), the sale will generate an after-tax profit of approximately \$0.7 million. Accordingly, overall earnings for Property will be higher than last year.

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